HEALTH SERVICES AND DEVELOPMENT AGENCY
JANUARY 23, 2013
APPLICATION SUMMARY

NAME OF PROJECT:	Lebanon HMA, LLC d/b/a University Medical Center
PROJECT NUMBER:	CN1210-051
ADDRESS:	1411 Baddour Parkway Lebanon, TN 37087-2573
LEGAL OWNER:	Lebanon HMA, LLC d/b/a University Medical Center 1411 Baddour Parkway, Lebanon, TN (Wilson County), TN 37087-2573
OPERATING ENTITY:	Hospital Management Associates, Inc. 5811 Pelican Bay Boulevard, Suite 500 Naples (Collier County), FL 34108-2710
CONTACT PERSON:	J. Richard Lodge (615) 742-6254
DATE FILED:	October 15, 2012
PROJECT COST:	$4,830,041.00
FINANCING:	Cash Reserves of the applicant's parent company, Health Management Associates, Inc.
PURPOSE FOR FILING:	Change in Ownership and Acquisition of Major Medical Equipment in excess of $2.0 million

DESCRIPTION:

Lebanon HMA, LLC d/b/a University Medical Center is seeking approval to acquire a linear accelerator and related equipment from Southeast Cancer Network, Inc. (SECN), currently located on their own campus at 1411 Baddour Parkway, Lebanon (Wilson County), Tennessee 37087. Currently, the linear accelerator equipment is owned and operated by SECN at the outpatient center at Lebanon HMA, LLC d/b/a University Medical Center. No change in location

of the outpatient center or equipment is involved with this proposed project. University Medical Center (UMC) proposes to own and operate the 6,626 square feet outpatient center as a department of the hospital under its hospital license and replace the existing fourteen year old linear accelerator equipment. The UMC licensed bed complement is 245 beds which include a twelve bed Intensive/Critical Care Unit. University Medical Center is 98% owned by Health Management Associates, Inc. and 2% owned by physicians. *The applicant has provided an organizational chart reflecting the ownership of University Medical Center and its various entities in Attachment B.I. and in the Supplement Attachment, Section A, Applicant Profile, Item 4.*

Since SECN is not a licensed health care institution, UMC cannot acquire its assets without first applying for a certificate of need.

SPECIFIC CRITERIA AND STANDARDS REVIEW:

MEGAVOLTAGE RADIATION THERAPY SERVICES

1. Utilization Standards for MRT Units.
   a. Linear Accelerators not dedicated to performing SRT and/or SBRT procedures:
      i. Full capacity of a Linear Accelerator MRT Unit is 8,736 procedures, developed from the following formula: 3.5 treatments per hour, times 48 hours (6 days of operation, 8 hours per day, or 5 days of operation, 9.6 hours per day), times 52 weeks.
      ii. Linear Accelerator Minimum Capacity: 6,000 procedures per Linear Accelerator MRT Unit annually, except as otherwise noted herein.
      iii. Linear Accelerator Optimal Capacity: 7,688 procedures per Linear Accelerator MRT Unit annually, based on a 12% average downtime per MRT unit during normal business hours annually.
      iv. An applicant proposing a new Linear Accelerator should project a minimum of at least 6,000 MRT procedures in the first year of service in its Service Area, building to a minimum of 7,688 procedures per year by the third year of service and for every year thereafter.

The applicant projects 3,600 treatments in Year 2013 and 5,500 treatment in 2014.

While it appears that technically the criterion for an applicant to provide new Linear Accelerator services is not met, it is noted that radiation therapy services are currently being provided on the UMC campus. If this application is approved, UMC will obtain CON approval to provide the service under the hospital's license.

It appears that this criterion is not met.

b. For Linear Accelerators dedicated to performing only SRT procedures, full capacity is 500 annual procedures.

Not applicable.

c. For Linear Accelerators dedicated to performing only SRT/SBRT procedures, full capacity is 850 annual procedures.

Not applicable.

d. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for Linear Accelerators develop. An applicant must demonstrate that the proposed Linear Accelerator offers a unique and necessary technology for the provision of health care services in the proposed Service Area.

Not applicable.

e. Proton Beam MRT Units. As of the date of the approval and adoption of these Standards and Criteria, insufficient data are available to enable detailed utilization standards to be developed for Proton Beam MRT Units.

Not applicable.

Need Standards for MRT Units

a. For Linear Accelerators not dedicated solely to performing SRT and/or SBRT procedures, need for a new Linear Accelerator in a proposed Service Area shall be demonstrated if the average annual number of Linear Accelerator procedures performed by existing Linear Accelerators in the proposed Service Area exceeds 6,000.

SECN owns the only linear accelerator in the service area. Linear accelerator procedures for SECN in 2011 were 2,648 procedures which calculate to 44.1% of the 6,000 procedure standard.

While it appears that technically the criterion for an applicant to provide new Linear Accelerator services is not met, it is noted that radiation therapy services are currently being provided on the UMC campus. If this application is approved, UMC will obtain CON approval to provide the service under the hospital's license.

It appears that this criterion is not met.

b. For Linear Accelerators dedicated to performing only SRT procedures, need in a proposed Service Area shall be demonstrated if the average annual number of MRT procedures performed by existing Linear Accelerators dedicated to performing only SRT procedures in a proposed Service Area exceeds 300, based on a full capacity of 500 annual procedures.

Not applicable.

c. For Linear Accelerators dedicated to performing only SRT/SBRT procedures, need in a proposed Service Area shall be demonstrated if the average annual number of MRT procedures performed by existing Linear Accelerators dedicated to performing only SRT/SBRT procedures in a proposed Service Area exceeds 510, based on a full capacity of 850 annual procedures.

Not applicable.

d. Need for a new Proton Beam MRT Unit: Due to the high cost and extensive service areas that are anticipated to be required for

these MRT Units, an applicant proposing a new Proton Beam MRT Unit shall provide information regarding the utilization and service areas of existing or planned Proton Beam MRT Units' utilization and service areas (including those that have received a CON), if they provide MRT services in the proposed Service Area and if that data are available, and the impact its application, if granted, would have on those other Proton Beam MRT Units.

Not applicable.

e. An exception to the need standards may occur as new or improved technology and equipment or new diagnostic applications for MRT Units develop. An applicant must demonstrate that the proposed MRT Unit offers a unique and necessary technology for the provision of health care services in the proposed Service Area.

Not applicable.

3. Access to MRT Units.

a. An MRT unit should be located at a site that allows reasonable access for residents of the proposed Service Area.

The site is within an eight minute drive time Exit 238 on I40. The applicant is centrally located in Lebanon and is accessible to the service area population.

It appears that this criterion is met.

b. An applicant for any proposed new Linear Accelerator should document that the proposed location of the Linear Accelerator is within a 45 minute drive time of the majority of the proposed Service Area's population.

The applicant has provided a geo-access map in the supplemental response labeled Section C, Need Section 1, Specific Criteria Megavoltage Radiation Therapy Service, Service Area Distance. HSDA analysis notes there are drive times longer than 45 minutes in certain areas of Dekalb, Macon and Dekalb counties, but the major cities of Lafayette (Macon County), Carthage (Smith County) and

Smithville (Dekalb County) are within the 45 minute drive time requirement.

It appears that this criterion is met.

c. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRT units that service the non-Tennessee counties and the impact on MRT unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Not applicable. There are no non-Tennessee counties in the proposed service area.

4. Economic Efficiencies. All applicants for any proposed new MRT Unit should document that lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

Not applicable.

5. Separate Inventories for Linear Accelerators and for other MRT Units. A separate inventory shall be maintained by the HSDA for Linear Accelerators, for Proton Beam Therapy MRT Units, and, if data are available, for Linear Accelerators dedicated to SRT and/or SBRT procedures and other types of MRT Units.

6. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRT Unit is safe and effective for its proposed use.
   a. The United States Food and Drug Administration (FDA) must certify the proposed MRT Unit for clinical use.

Applicant has provided a letter from the US Department of Health and Human Services, Food and Drug Administration, certifying the MRT Unit for clinical use.

It appears that this criterion is met.

b. The applicant should demonstrate that the proposed MRT Units shall be housed in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The current MRT unit conforms to the requirement listed above.

It appears that this criterion is met.

c. The applicant should demonstrate how emergencies within the MRT Unit facility will be managed in conformity with accepted medical practice. Tennessee Open Meetings Act and/or Tennessee Open Records Act.

The applicant proposes to make the radiation therapy center a department of the hospital and will manage emergencies as they are with any other "code" event in the hospital.

It appears that this criterion is met.

d. The applicant should establish protocols that assure that all MRT Procedures performed are medically necessary and will not unnecessarily duplicate other services.

The applicant has a team-based approach to treatment and an active tumor board that facilitates communication between members of the treatment team.

It appears that this criterion is met.

e. An applicant proposing to acquire any MRT Unit shall demonstrate that it meets the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO) or a similar accrediting authority such as the National Cancer institute (CN1). Additionally, all

applicants shall commit to obtain accreditation from ASTRO, ACR or a comparable accreditation authority for MRT Services within two years following initiation of the operation of the proposed MRT Unit.

The applicant states the current radiation therapy center is not accredited. If approved, the applicant plans to apply for accreditation by the American College of Surgeon's Commission on cancer, a nationally recognized accreditation program.

It appears that this criterion is met.

f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Criterion is not met. The applicant refers to transfer agreements with the Sarah Cannon Cancer Center and Vanderbilt University Hospital in Nashville. The applicant did not address the second portion of the standard specifying that said physician be an active member of the subject transfer agreement hospital medical staff.

It appears that this criterion is not met.

g. All applicants should provide evidence of any onsite simulation and treatment planning services to support the volumes they project and any impact such services may have on volumes and treatment times.

The applicant states a new treatment planning system will be part of the equipment upgrade.

It appears that this criterion is met.

7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

Applicant states data will be submitted timely.

It appears that this criterion is met.

8. In light of Rule 0720-11.0], which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care " the HSDA may decide to give special consideration to an applicant:

   a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

   The following counties include Medical Underserved Areas as designated by the US Health Resources and Services Administration: Dekalb, Macon, Trousdale and Wilson. HSDA staff verified each of the four (4) counties are Medically Underserved Areas (MUAs) as of 2008 by querying the following web-site; http://health.state.tn.us/rural/Maps2008/MUA2008.pdf.

   It appears that this criterion is met.

   b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

   Not applicable.

   c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

   The applicant self-reports the participation in all TennCare MCOs and the Medicare program.

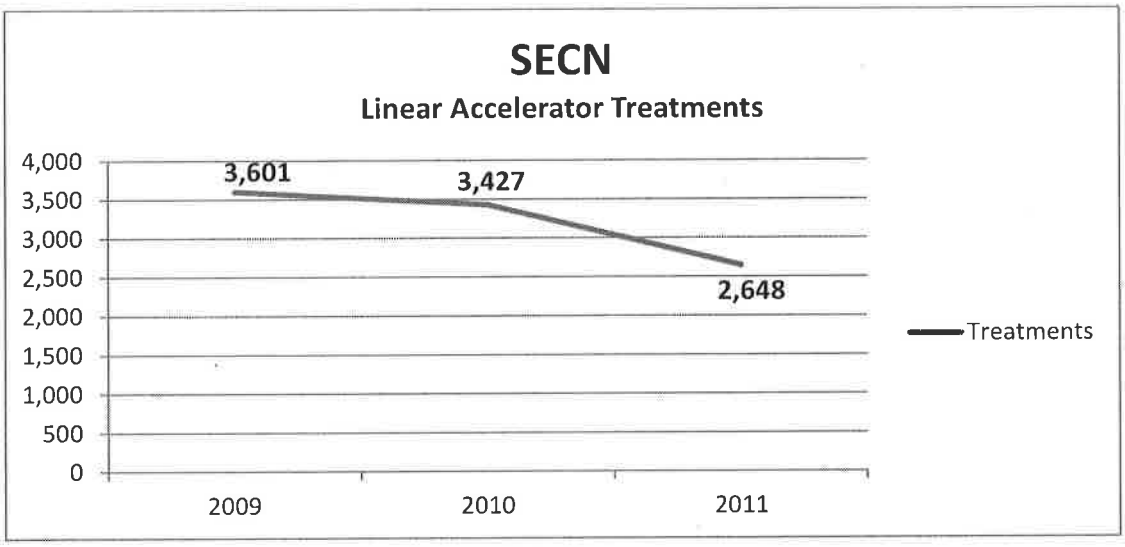
   It appears that this criterion is met.

SUMMARY:

The existing 6,626 square foot cancer outpatient center at UMC will remain dedicated for radiation oncology use by the applicant. The outpatient center will include a simulator room, an accelerator room, a high dose radiation room and physician's offices. The proposed operation schedule for Radiation Oncology Center will be 8:00 am to 5:00 pm Monday through Friday with extended hours as needed.

According to the HSDA Equipment Registry, the linear accelerator located at SECN is the only existing linear accelerator in the proposed five (5) county service area. The applicant notes the SECN lower utilization numbers since 2010 has stemmed from difficulties in staffing the linear accelerator and outmoded

equipment. The primary oncologist experienced medical issues and SECN recruited locum tenens radiation oncologists to staff the center. *Note to Agency Members: Locum tenens are temporary employment arrangements for physicians. Most locum tenens positions are designed to fill staffing gaps for regular physicians who are on leave.* The applicant has calculated there are an estimated 10,000 treatments per year for patients living in the proposed five (5) county service area. The applicant indicates by providing state of the art equipment and consistent radiation oncology coverage, the radiation therapy volumes will increase at University Medical Center. The graph below reflects a 35.9% decrease in linear accelerator treatments at SECN from 2009 to 2011:



Source: HSDA Equipment Registry, Revised 12/11/12

Note to Agency Members: In December 2012 HSDA requested revised linear utilization data from SECN for the years 2009-2011. The revised utilization data is reflected in the above table. The utilization reported in the application reflected all payor sources of patient treatments rather than the primary insurance treatments. This caused an increase in the reported volume because there were duplicate treatments reported for patients who had both primary and secondary insurance.

If this Certificate of Need (CON) is approved, UMC plans to immediately begin radiation oncology services on-site at their campus. SECN and UMC have negotiated a transition management services agreement (a draft copy is located in the supplemental one response) to ensure the continuation of patient care. Under this agreement for six (6) months after the applicant's acquisition of the linear accelerator and equipment SECN will manage the existing equipment, including the existing treatment and planning system for a fee of $18,750 per month. The applicant has entered into a letter of intent with TriStar Health and is negotiating an agreement with HCA Health Services of Tennessee to manage the Radiation Oncology Center at UMC following the proposed replacement of linear accelerator equipment and treatment planning system. Per the

supplemental response, UMC expects a management agreement with HCA to be in place by early to midyear 2013.

Initially, University Medical Center was granted a CON in October 1995 to establish a Radiation Oncology Center and to initiate linear accelerator services. The radiation equipment associated with the CON was a refurbished moveable Clinac 1800 linear accelerator with a seven year life span. In the UMC final report to the Commission for CN9508-046A, UMC decided to purchase a slightly upgraded, new Clinac 2100 linear accelerator with a useful life of 10 years. According to the applicant, the Radiology Oncology Center was opened in 1997. In 1999 an application (CN9907-046) was filed by Southeast Cancer Network, P.C. to acquire and operate the Radiation Oncology Center at UMC, including the linear accelerator. According to the application CN9907-046A, Southeast Cancer Network stated the two year old Clinac 2100 Linear Accelerator was leased from UMC and had eight years of expected life remaining. In addition, Southeast Cancer Network stated "the Clinac which it was leasing from UMC will probably have a longer remaining useful life than eight years and that it could realistically have a remaining useful life of 10 years". According to HSDA Medical Equipment Records, SECN upgraded the linear accelerator in 2008 to an IMRT with a photo/electron beam. The applicant states UMC intends to replace the current linear accelerator at a total cost of $3,783,160. The useful life of the new linear accelerator is 10 years.

UMC will be leasing the Varian Linear Accelerator through a leasing agreement with GE Capital. The lease will be a capital lease incorporating a total purchase price of $2,185,498 with total lease payments of $2,309,220. The lease payments are based on sixty (60) month capital lease duration at an estimated discount rate of 6.50%. UMC will have the option to purchase the lease out after 54 months for an estimated fair market price of $375,000 based on a 6.50% discount rate. The linear accelerator will perform or have the capability to perform the following procedures: Standard Radiotherapy, Total Body Irradiation, Intensity Modulated Radiation Therapy, Image Guided Radiation Therapy and 3D Planning. In addition, the proposed equipment treatment planning system upgrade will allow UMC to conduct treatment planning on-site.

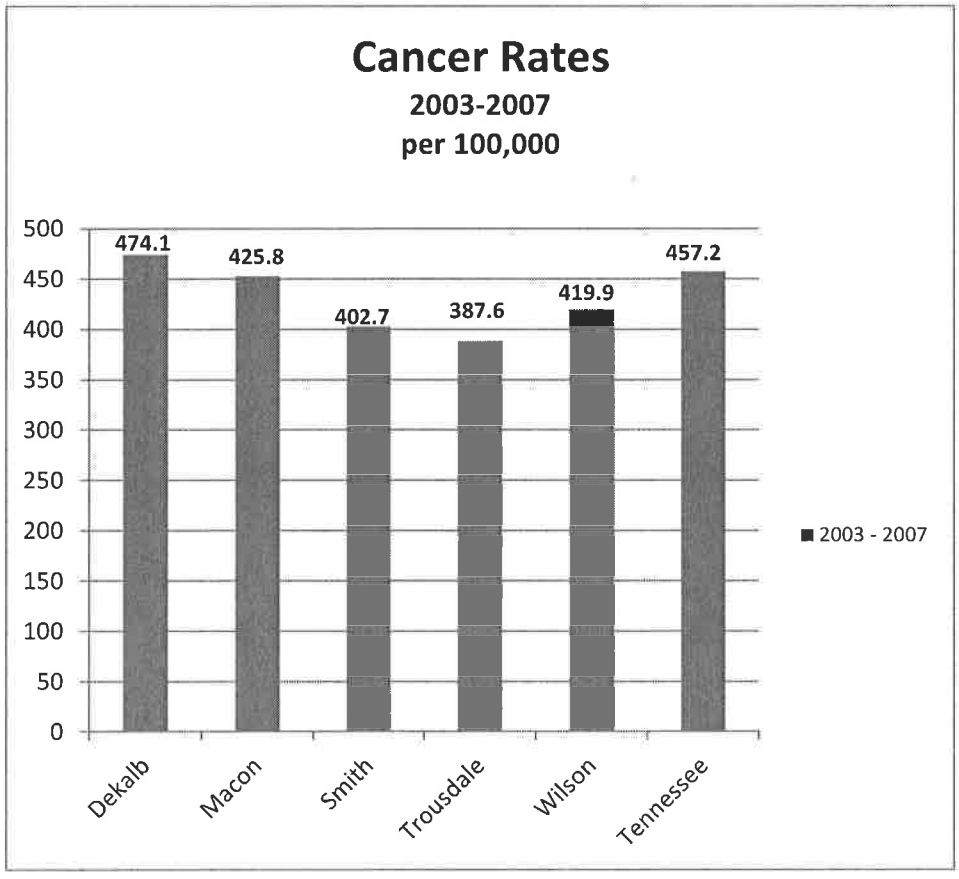
In the supplemental response UMC states the latest diagnostic modalities for the diagnosis of cancer if offered including a 64 slice CT scanner, high resolution ultrasound, a 1.5 tesla MRI, dual head nuclear medicine camera, digital mammography and stereotactic biopsy capabilities and digital radiography all which are integrated into a digital PACS system. Support services offered by UMC's cancer service line include a monthly board where new cancer cases are studied by a variety of multi-disciplinary medical specialists. UMC plans to

apply for accreditation by the American College of Surgeons' Commission on Cancer.

The applicant states the service area for this project consists of the following five counties in Tennessee: DeKalb, Macon, Smith, Trousdale, and Wilson. *A map of the service area is included as Attachment B. I. Project Description 3.* Between 2012 and 2016, the total service area population is expected to grow from 185,402 to 195,005. This is an increase of 5.1%.

The table on the following page reflects the cancer rates for the proposed five county service area as compared to the statewide rate. As indicated by the table, Dekalb County was the only county in the proposed services area to have a cancer rate per 100,000 population (474.1) for the years 2003-2007 higher than the statewide rate of 457.2.

Service Area Cancer Rates Age adjusted rates per 100,000 Population
Source: Tennessee Cancer Registry Annual Reports



Utilizing the HSDA Medical Equipment Registry's information, the following chart reports radiation therapy treatment destination for residents located within the five (5) county service area:

2011 Radiation Therapy Treatment Destination for Service Area Residents

Facility	DeKalb Co.	Macon Co.	Smith Co.	Trousdale Co.	Wilson Co.	Service Area Total
Cumberland Medical Center, Inc. (Cumberland)	1	0	0	0	1	**2**
Baptist Hospital (Davidson)	35	0	35	0	246	**316**
Centennial Medical Center (Davidson)	22	4	0	0	317	**343**
St. Thomas Hospital (Davidson)	35	25	25	3	295	**383**
Vanderbilt University Hospital (Davidson)	120	118	138	0	1,104	**1,480**
Memorial Hospital (Hamilton)	117	0	0	0	0	**117**
Cookeville Regional Medical Center (Putnam)	524	117	187	0	0	**828**
Middle Tennessee Medical Center (Rutherford)	132	0	0	0	40	**172**
Sumner Regional Medical Center (Sumner)	4	530	30	93	139	**796**
Summit Medical Ctr. (ODC) (Davidson)	0	18	65	0	1,632	**1,715**
Skyline Medical Center (Davidson)	0	0	0	10	30	**40**
Stone Crest Medical Center (Rutherford)	0	0	0	0	63	**63**
SECN at UMC	**170**	**276**	**555**	**99**	**2,212**	**3,312**
Total	**1,160**	**1,088**	**1,035**	**205**	**6,079**	

Source: HSDA Medical Equipment Registry

The above table represents the 2011 radiation therapy resident treatment destination for the proposed five (5) county service area. Approximately 6,255 of the 9,567 (65.3%) radiation treatment therapy patients out-migrated to other radiation treatment providers in neighboring Middle Tennessee counties. Summit Medical Center (ODC) located in Davidson County (outside the five county proposed service area) provided the second highest radiation therapy treatments totaling 1,715 treatments or 19.2%.

Note to Agency Members: As stated earlier in the summary, SECN reported to HSDA duplicate treatments for patients who had both primary and secondary insurance which caused an increase in the reported volume of treatments. SECN has only submitted the corrected actual number of radiation therapy treatments for 2009-2011. At the writing of this summary, the requested revised patient origin data has not been submitted. The

patient origin data was calculated using the existing data that has been previously submitted by SECN for the years 2009-2011.

Utilizing the HSDA Medical Equipment Registry's information, the following chart reports utilization trends of the only linear accelerator in the proposed five (5) county service area.

Historical Service Area Utilization of Service Area Linear Accelerators

			2009	2010	2011	'09-'11	'11
County	Facility	# Linacs (2011)	Procs	Procs.	Procs.	% change	% G of G Util. Std. *
Wilson	Cancer Care Center at University Medical Center	1	3,601	3,427	2,648	(35.9%)	44.1%

Source: HSDA Medical Equipment Registry
*Based on *Guidelines for Growth*'s minimum capacity standard of 6,000 procedures per unit

University Medical Center's Historical Data Chart revealed net operating income less capital expenditures in the amount of $10,306,777 in FY 2009, $15,181,829 in FY 2010, and $12,391,035 in FY 2011. Gross operating margins were 2.5% in FY 2009, 3.2% in FY 2010, and 2.4% in FY 2011. Management Fees to Affiliates were $3,084,042 in 2009, $4,365,371 in 2010 and $4,432,830 in 2011.

A Historical Data Chart for the existing Radiation Oncology Center located within UMC from SECN reflected net operating income of less capital expenditures of $29,721 in 2009, $153,114 in 2010, and ($422,141) in 2011. Gross Operating Margins were .88 in 2009, 4.2% in 2010 and -15.5% in 2011.

The applicant states changes in leadership, breadth of services, stability in physician coverage and equipment will increase capacity and attract more patients who reside in the service area but go elsewhere for treatment.

The applicant states the utilization is slightly lower in Year One due to the estimated three months needed to get the new linear accelerator installed and operational. The applicant's utilization numbers are based on twenty-six procedures per patient. The applicant projects to provide care to 138 patients in Year One and 212 patients in Year Two.

Per the Projected Data Chart for the linear accelerator, the project exhibits a favorable financial operating margin in the first year of operation of $844,801, an amount equal to approximately 8.5% of total gross operating revenues. The second year returns a favorable financial operating margin of $1,903,616, an amount equal to approximately 12.5% of total gross operating revenues. The

average gross charge per episode of care during the first year of operation is $72,439, with deductions from revenue reducing the net charge per episode of care to $18,523. Operating expenses reduce the first year's net operating income per case to $6,122. The second year's average net operating income per case is projected at $8,979.

The applicant anticipates the following full-time equivalent (FTE) positions to staff the proposed project: (1) Radiation Oncologist, (1) Registered Nurse, (3) Radiation Technologists, (1) Administrative/Clerical Person, (1) Program Manager, and (1) Radiation Physicist and (1) Dosimetrist provided through management relationship.

There are 29,501 TennCare enrollees in the service area as of 6/15/12. The TennCare enrollee range by county is 12.1% in Wilson County to 24.9% in Macon County. The Average TennCare enrollment of the service area is 15.9%, compared to the statewide enrollment of 18.9%.

The applicant projects (during the initial year of operation) its Medicare revenue (estimated at $3,526,200) will equate to 35.3% of the total gross revenue and the TennCare revenue (estimated at $849,552) will equate to 8.4%.

An October 12, 2012 letter from the Vice President and Treasurer of Health Management Associates, Inc. states the applicant intends to finance the project from capital cash reserves. The Health Management Associates, Inc. December 31, 2011 Balance sheet reflects a Total Current Assets balance of $1,410,138,000.

The total estimated project cost is $4,830,041.00, including: Legal, Administrative and Consultant Fees - $50,000; Acquisition of Site - $900,000; Construction Costs - $346,375.00; Moveable Equipment - $3,422,823; Miscellaneous Furniture and Office Equipment - $100,000; and CON filing fees ($10,843).

The applicant has submitted the required corporate documents, deed, and major medical equipment and maintenance quotation with their FDA approvals. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in three years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent or denied applications for this applicant.

Pending Applications

HMA Fentress County Hospital, LLC d/b/a Jamestown Regional Medical Center, CN1211-055, has a pending application that will be heard at the February 27, 2013 agency meeting for the conversion of six (6) existing acute care hospital beds to swing beds located at 436 Central Avenue West, Jamestown (Fentress County). The estimated project cost is **$30,677.00.**

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare, North Knoxville Medical Center, CN1211-056 has a pending application that will be heard at the February 27, 2013 agency meeting for the initiation of diagnostic cardiac catheterization services located at 7565 Dannaher Drive, Powell (Knox County), TN. The project involves construction and equipping of shell space within the hospital to serve as a dual cardiac catheterization/vascular lab, support areas for the lab, expanded waiting room, and additional pre-operative and post-operative space. The estimated project cost is **$4,377,421.00**.

Outstanding Certificates of Need

Metro Knoxville HMA, LLC d/b/a Tennova Healthcare--North Knoxville Medical Center, CN1206-027A, has an outstanding Certificate of Need that will expire November 1, 2015. The CON was approved at the September 26, 2012 agency meeting for the initiation of mobile positron emission tomography/computerized tomography (PET/CT) services at Tennova Healthcare – North Knoxville Medical Center (NKMC). Mobile services are being proposed for one (1) day per week. The estimated project cost is **$1,309,471.00**. Project Status: *This project was recently approved.*

North Knoxville Medical Center f/k/a Mercy Medical Center-North, CN1106-019A, has an outstanding Certificate of Need that will expire on 12/1/2014. The CON was approved at the October 26, 2011 Agency meeting for acquisition of a second linear accelerator for its radiation therapy department located on Mercy Medical Center-North campus located at 7551 Dannaher Way, Powell (Knox County), Tennessee 37849. The estimated project cost is **$4,694,671.** *Project Status Update: After an analysis of Tennova's radiation therapy centers was completed by Health Management, it was determined that the most orderly approach to ensuring that patient care would not be disrupted was to delay adding the second linear accelerator to the North Knoxville Medical Center campus until Tennova's other radiation therapy centers could be upgraded. First an aged linear accelerator was replaced at Physicians Regional Medical Center and upgraded with new hardware and software. Currently, the*

linear accelerator at Turkey Creek Medical Center is closed while the equipment is being replaced with a new Varian linear accelerator. Upon completion of the aforementioned upgrades, which is expected by July 2013, the health system will address the project to add a second linear accelerator to North Knoxville Medical Center.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, pending, denied or outstanding applications from other health care organizations in the service area for projects similar to this application.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME (1/8/12)

LETTER OF INTENT

PUBLICATION OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Lebanon HMA, LLC d/b/a University Medical Center, a hospital
(Name of Applicant) (Facility Type-Existing)

owned by: Lebanon HMA, LLC with an ownership type of Limited Liability Company
and to be managed by: Hospital Management Associates, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

Acquisition of Radiation Oncology Center at University Medical Center, 1411 Baddour Parkway, Lebanon, Wilson County, Tennessee. Acquisition involves the re-initiation of linear accelerator services by applicant and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. Linear accelerator services are currently being provided by Southeast Cancer Network, Inc. and no change of location is involved. Following the acquisition, applicant plans to upgrade the existing linear accelerator equipment and operate the Center as a department of the hospital. Estimated project cost is $4,844,034.61.

The anticipated date of filing the application is: October 15, 20 12

The contact person for this project is J. Richard Lodge (Contact Name), Attorney (Title)

who may be reached at: Bass, Berry & Sims PLC (Company Name), 150 Third Avenue South, Suite 2800 (Address)

Nashville (City), TN (State), 37201 (Zip Code), 615-742-6254 (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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COPY

Lebanon HMA LLC dab/ University Med. Ctr.

CN1210-051

CERTIFICATE OF NEED APPLICATION

For the

RADIATION THERAPY/LINEAR ACCELERATOR TO

LEBANON HMA, LLC d/b/a UNIVERSITY MEDICAL CENTER -

LEBANON, TN

October 15, 2012

Contact:
J. Richard Lodge

Bass, Berry & Sims PLC
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150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

2012 OCT 15 AM 11:52

October 15, 2012

VIA COURIER

Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

Re: Lebanon HMA, LLC d/b/a University Medical Center -- Application for Certificate of Need

Dear Ms. Hill:

Enclosed on behalf of our client, Lebanon HMA, LLC d/b/a University Medical Center (UMC), are three executed copies of an Application for Certificate of Need for the acquisition (change of ownership) of the Radiation Oncology Center located within UMC from Southeast Cancer Network, Inc. (SECN). The acquisition of the Radiation Oncology Center includes the purchase of the existing linear accelerator and the continuation (re-initiation) of mega-voltage radiation therapy services. The center is to be owned and operated by UMC as a department of the hospital. Linear accelerator services are currently being provided by SECN at the outpatient center at UMC, and no change of location is involved. Following the acquisition, UMC plans to upgrade the existing linear accelerator equipment. Also enclosed herein are two (2) additional photocopies of the Application for Certificate of Need that we request your staff to date stamp and return to our messenger as evidence of filing with your office on this date.

Thank you, and please do not hesitate to contact me at the direct dial number set forth above if you have any questions.

Best regards,

Lauren M. Gaffney

LMG:bkm
Enclosures
cc: Saad Ehtisham

11239096.1

Cost of Publication

$ 200.50

Proof of Publication

LEBANON DEMOCRAT
PUBLICATION CERTIFICATE

This is to certify that the legal notice hereto attached was published in *The Lebanon Democrat*, a daily newspaper published in the City of Lebanon, County of Wilson, State of Tennessee on the following dates:

Signed: Melanie Ray

October 10, 2012

Subscribed and sworn to before me

on this 10 day of October, 2012

TAMMY WILLIAMS
STATE OF TENNESSEE
NOTARY PUBLIC
WILSON COUNTY

Commission expires: 2-3-15

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Lebanon HMA, LLC d/b/a University Medical Center, a hospital owned by: Lebanon, HMA, LLC with an ownership type of Limited Liability Company and to be managed by Hospital Management Associates, Inc. intends to file an application for a Certificate of Need for: Acquisition of Radiation Oncology Center at University Medical Center at University Medical Center, 1411 Baddour Parkway, Lebanon, Wilson County, Tennessee. Acquisition involves the re-initiation of linear accelerator services by applicant and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. Linear accelerator services are currently being provided by Southeast Cancer Network, Inc. and no change of location is involved. Following the acquisition, applicant plans to upgrade the existing linear accelerator equipment and operate the Center as a department of the hospital. Estimated project cost is $4,844,034.61. The anticipated date of filing the application is: October 15, 2012. The contact person for this project is: J. Richard Lodge, Attorney who may be reached at: Bass, Berry & Sims PLC, 150 Third Avenue South, Suite 2800, Nashville, TN 37201, 615-742-6254. **Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:**

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Anyhealth care institution wishing to oppose a Certificate of Need application must file a written notice with theHealth Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any otherperson wishing to oppose the application must file written objection with the Health Services and DevelopmentAgency at or prior to the consideration of the application by the Agency.

SECTION A:

APPLICANT PROFILE

2012 OCT 15 AM 11:52

1. ***Name of Facility, Agency, or Institution***			
Lebanon HMA, LLC d/b/a University Medical Center			
Name			
1411 Baddour Parkway		**Wilson**	
Street or Route		County	
Lebanon	**TN**	**37087-2573**	
City	State	Zip Code	
2. ***Contact Person Available for Responses to Questions***			
J. Richard Lodge		**Attorney**	
Name		Title	
Bass, Berry & Sims PLC		**dlodge@bassberry.com**	
Company Name		Email address	
150 Third Avenue South, Ste 2800	**Nashville**	**TN**	**37201**
Street or Route	City	State	Zip Code
Attorney	**615-742-5254**	**615-742-2754**	
Association with Owner	Phone Number	Fax Number	
3. ***Owner of the Facility, Agency or Institution***			
Lebanon HMA, LLC d/b/a University Medical Center		**615-444-8262**	
Name		Phone Number	
1411 Baddour Parkway		**Wilson**	
Street or Route		County	
Lebanon	**TN**	**37087-2573**	
City	State	Zip Code	

4. ***Type of Ownership of Control (Check One)***

A.	Sole Proprietorship		F.	Government (State of TN or Political Subdivision)	
B.	Partnership				
C.	Limited Partnership		G.	Joint Venture	
D.	Corporation (For Profit)		H.	Limited Liability Company	X
E.	Corporation (Not-for-Profit)		I.	Other (Specify)_____	

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. *Name of Management/Operating Entity (If Applicable)*		
Hospital Management Associates, Inc.		**239-598-3131**
Name		Phone Number
5811 Pelican Bay Boulevard, Ste. 500	**Collier County**	
Street or Route	County	
Naples	**FL**	**34108-2710**
City	State	Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. ***Legal Interest in the Site of the Institution (Check One)***

A.	Ownership	**X**	D.	Option to Lease	
B.	Option to Purchase		E.	Other (Specify) _____	
C.	Lease of _____ Years				

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. ***Type of Institution (Check as appropriate--more than one response may apply)***

A.	Hospital (Specify) **General**	**X**	I.	Nursing Home	
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty		J.	Outpatient Diagnostic Center	
C.	ASTC, Single Specialty		K.	Recuperation Center	
D.	Home Health Agency		L.	Rehabilitation Facility	
E.	Hospice		M.	Residential Hospice	
F.	Mental Health Hospital		N.	Non-Residential Methadone Facility	
G.	Mental Health Residential Treatment Facility		O.	Birthing Center	
H.	Mental Retardation Institutional Habilitation Facility (ICF/MR)		P.	Other Outpatient Facility (Specify)_____	
			Q.	Other (Specify) Change of ownership	

8. Purpose of Review ***(Check) as appropriate--more than one response may apply)***

A.	New Institution		G.	Change in Bed Complement	
B.	Replacement/Existing Facility				
C.	Modification/Existing Facility				
D.	Initiation of Health Care Service as defined in TCA §68-11-1607(4) (Specify) **megavoltage radiation therapy service**	**X**	H.	Change of Location	
E.	Discontinuance of OB Services		I.	Other (Specify): **Change of Ownership**	**X**
F.	Acquisition of Equipment **(Upgrade/Replacement Only)**	**X**			

9. Bed Complement Data
Please indicate current and proposed distribution and certification of facility beds.

		Current Beds		*Staffed Beds*	*Beds Proposed*	*TOTAL Beds at Completion*
		Licensed	**CON*			
A.	Medical	127	0	127	0	127
B.	Surgical					
C.	Long-Term Care Hospital					
D.	Obstetrical	14	0	14	0	14
E.	ICU/CCU	12	0	12	0	12
F.	Neonatal					
G.	Pediatric	17	0	17	0	17
H.	Adult Psychiatric	34	0	34	0	34
I.	Geriatric Psychiatric	15	0	15	0	15
J.	Child/Adolescent Psychiatric					
K.	Rehabilitation	26	0	26	0	26
L.	Nursing Facility (non-Medicaid Certified)					
M.	Nursing Facility Level 1 (Medicaid only)					
N.	Nursing Facility Level 2 (Medicare only)					
O.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P.	ICF/MR					
Q.	Adult Chemical Dependency					
R.	Child and Adolescent Chemical Dependency					
S.	Swing Beds					
T.	Mental Health Residential Treatment					
U.	Residential Hospice					
	TOTAL **CON-Beds approved but not yet in service*	245	0	245	0	245

10. Medicare Provider Number 44-0193
Certification Type Hospital

11. Medicaid Provider Number 44-0193
Certification Type Hospital

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?
Not applicable.

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area.* Will this project involve the treatment of TennCare participants? Yes **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted *or plans to contract.***

The current TennCare Middle Tennessee Health Plans serving Wilson County include: AMERIGROUP, TennCare Select and United Healthcare Community Plan. UMC currently contracts with and will continue contracting with each of these plans.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.
Out-of-network relationships are addressed on a case-by-case basis.

NOTE: ***Section B*** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. ***Section C*** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I.	**Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.** Project Description Proposed Services and Equipment: Lebanon HMA, LLC d/b/a University Medical Center (UMC), 1411 Baddour Parkway, Lebanon, Wilson County, Tennessee is seeking a Certificate of Need for the acquisition (change in ownership) of the Radiation Oncology Center located within UMC from Southeast Cancer Network, Inc. (SECN). The acquisition of the Radiation Oncology Center includes the purchase of the existing linear accelerator and the continuation of mega-voltage radiation therapy services. The center is to be owned and operated by UMC as a department of the hospital. Linear accelerator services are currently being provided by SECN at the outpatient center at UMC, and no change of location is involved. A total space of 6,626 square feet within the outpatient center at UMC will continue to be devoted exclusively for radiation oncology use. This space includes a simulator room, the accelerator room, the high dose radiation room, and physicians' offices. The linear accelerator currently owned and operated by SECN is approximately fourteen years old and is nearing the end of its useful life. As a result, several months after its acquisition of the linear accelerator and related assets from SECN, UMC intends to upgrade the linear accelerator by acquiring a replacement linear accelerator and a new state-of-the-art treatment planning system. For several months prior to the upgrade of the equipment, SECN will provide UMC with transition services pursuant to a transition management services agreement. Under this agreement, SECN will manage the existing equipment, including the existing treatment and planning system. UMC has entered into a letter of intent with TriStar Health and the parties are actively negotiating the management agreement. Following the equipment and treatment planning system upgrade, UMC plans to have the Radiation Oncology Center managed by HCA Health Services of Tennessee. Pursuant to Tenn. Code Ann. § 68-11-1607, a Certificate of Need is not necessary to upgrade existing equipment. However, UMC has included information relating to the upgrade as part of this application, including in the project costs, projected data and utilization rates.

The proposed schedule of operation for the Radiation Oncology Center will be Monday through Friday, 8:00a.m. – 5:00 p.m. Extended hours will be added on an as-needed basis. The applicant anticipates that during the first two years of operation, the Linear Accelerator will perform between 5,150 and 6,750 procedures per year. The 2013 anticipated utilization is lower than 2014 due to the estimated time needed to install the upgraded linear accelerator equipment and treatment planning system.

Ownership Structure

Lebanon HMA, LLC d/b/a University Medical Center is a syndicated facility and is over 98% owned by Health Management Associates, Inc. through its subsidiaries. UMC has less than 2% physician ownership. An organizational chart can be found in **Attachment B.I.Project Description.1.** The Radiation Oncology Center, including the linear accelerator, will be owned by Lebanon HMA, LLC d/b/a University Medical Center and operated under its hospital license. As mentioned previously, UMC has entered into a letter of intent with TriStar Health pursuant to which the parties are negotiating an agreement whereby HCA Health Services of Tennessee will manage the Radiation Oncology Center at UMC following the upgrade of the linear accelerator equipment and treatment planning system. A copy of the letter of intent can be found in **Attachment B.I.Project Description.2**.

Service Area

The service area includes DeKalb, Macon, Smith, Trousdale, and Wilson counties. The total population of these counties in 2012 is 185,402 and is projected to increase to 195,005 by year 2016. The population of those persons 65 and over is 23,513 in 2012 and projected to reach 26,913 in year 2016. This is a 14.5% increase in the 65 and over population in the service area. This project will not change or otherwise affect the service area. A map of the service area is included at **Attachment B.I.Project Description.3.**

Need

With the growing population in the service area, particularly in the 65+ age category, the need for cancer treatment services will continue to grow. As the only linear accelerator located within the service area, there is opportunity to expand the number of patients being treated at UMC and continue to provide radiation therapy in a location that is convenient for patients.

Age adjusted cancer incidence rates per 100,000 of population for the service area are:

Dekalb	474.1
Macon	452.8
Smith	402.7
Trousdale	387.6
Wilson	419.9

When these cancer incidence rates are applied to the population of each county, and then the rate of radiation therapy treatment, as published by the American Society of Radiation Oncologists (ASTRO), is applied to the expected cancer cases, it is estimated that the number of people in the service area who will require radiation therapy treatments is 395, for an approximate 10,277 treatments. By 2016, that

		demand is estimated at 10,410. Existing Resources There are no other linear accelerator units in the primary service area. The existing linear accelerator, approximately fourteen years old, is approaching the end of its useful life. Upgrading the existing unit, including the treatment planning system will ensure that residents of the primary service area will have access to safe, effective and the most state-of-the-art cancer care within their community. Project Cost; Funding; Financial Feasibility; Staffing The estimated project cost is $4,844,034.61, including the application fee. The project will be funded through capital cash reserves provided by Health Management Associates, Inc., UMC's parent company. The linear accelerator and treatment planning system will be financed through a capital lease. The project is financially feasible as demonstrated in the Projected Data Chart. Staffing will include a minimum of one radiation oncologist, one radiation physicist, one Dosimetrist, one registered nurse, three radiation therapists, one program manager and one administrative assistant.
II.		**Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.**
	A.	**Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of $5 million) and other facility projects (construction cost in excess of $2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.** **If the project involves none of the above, describe the development of the proposal.** If the HSDA approves this Certificate of Need application, UMC will immediately commence radiation oncology services as a department of the hospital. To ensure patient continuity of care, the Radiation Oncology Center will initially be managed by SECN pursuant to a transition management services agreement. Shortly thereafter, UMC plans to upgrade the existing linear accelerator and treatment planning equipment. There will be no relocation of services or equipment as part of this project. Based on estimates, it should take UMC roughly three months to install the new linear accelerator equipment and related treatment planning system. The replacement of this equipment will include minimal demolition, concrete installation and base plate electrical work. A more detailed construction proposal is attached as **Attachment B.II.A**. During the

		downtime, patients will be redirected to nearby facilities pursuant to a transfer agreement between UMC and nearby HCA facilities. Pursuant to a letter of intent, UMC and TriStar Health are working towards a management agreement under which HCA Health Services of Tennessee will manage the Radiation Oncology Center at UMC.
	B.	**Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.** Not applicable. This is an outpatient facility; no beds will be affected by this application.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Not applicable										
B. Unit/Depart. GSF Sub-Total		xxx		xxx	xxx		xxx	$xxx.xx	$xxx.xx	$xxx.xx
C. Mechanical/ Electrical GSF										
D. Circulation /Structure GSF										
E. Total GSF		xxx		xxx	xxx		xxx	$xxx.xx		$xxx.xx

	C.	**As the applicant, describe your need to provide the following health care services (if applicable to this application):** **1. Adult Psychiatric Services** **2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)** **3. Birthing Center** **4. Burn Units** **5. Cardiac Catheterization Services** **6. Child and Adolescent Psychiatric Services** **7. Extracorporeal Lithotripsy** **8. Home Health Services** **9. Hospice Services** **10. Residential Hospice** **11. ICF/MR Services** **12. Long-term Care Services** **13. Magnetic Resonance Imaging (MRI)** **14. Mental Health Residential Treatment** **15. Neonatal Intensive Care Unit** **16. Non-Residential Methadone Treatment Centers** **17. Open Heart Surgery** **18. Positron Emission Tomography** **19. Radiation Therapy/Linear Accelerator*** **20. Rehabilitation Services** **21. Swing Beds** The need for the Radiation Oncology Center and the corresponding linear accelerator service has already been established twice. Two certificates of need for the establishment of a radiation oncology treatment facility on the University Medical Center Campus have been previously approved (CN9508-046 and CN9907-046). Pursuant to the first CON, filed in 1995, UMC was approved to establish a Radiation Oncology Center and initiate linear accelerator services. According to UMC, the Radiation Oncology Center was opened in early 1997. Subsequently, in 1999, SECN sought approval pursuant to the second CON to acquire and operate the Radiation Oncology Center at UMC, including the linear accelerator. The second application, similar to this application, was merely (in practical application) a change of ownership of an existing facility. UMC is a full service general acute care facility. UMC believes it can provide a better continuum of care and quality of care for its patients by owning the facility outright, upgrading the existing equipment and closely working with community physicians to provide the full-range of essential medical services to the community. See support letters attached as **Attachment B.II.C.**
	D.	**Describe the need to change location or replace an existing facility.** This item is not applicable; this application involves no change of location or replacement of an existing facility. Only a change in ownership, re-initiation of linear accelerator services and upgrade to existing equipment is involved, but a Certificate of Need application is necessary because the applicant is (again)

		initiating radiation therapy on a provider-based status..		
	E.	**Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of $1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:**		
		1.	**For fixed-site major medical equipment (not replacing existing equipment):**	
			a.	**Describe the new equipment, including:**
				INFORMATION REGARDING UPGRADE EQUIPMENT:

1. Total cost:

The total cost of the new linear accelerator equipment, including the treatment planning system, annual maintenance costs (years 1-5), estimated installation costs and sales tax is $3,783,160. A copy of the quote of the new linear accelerator and treatment planning system is attached as **Attachment B.II.E.1.a**.

Equipment Costs – Linear Accelerator	
Equipment Estimate	$2,192,007
Estimated Total Lease Payments	$2,322,000

Annual Maintenance Costs	
Year 1	--
Years 2-5	
Accelerator	$600,000
Treatment Planning System	$300,000

Estimated Installation Costs	
Initial Installation	$346,375

Sales Tax @ 9.25%	
$38,700@ 9.25% for 60 months	$214,785

2. Expected Useful Life:

The expected useful life of the new linear accelerator and upgraded treatment planning system exceeds ten years.

3. List Of Clinical Applications To Be Provided; And

The linear accelerator is approved for cancer treatment is humans. The linear accelerator will perform or have the capability to perform the following procedures:

Standard Radiotherapy
Total Body Irradiation
Intensity Modulated Radiation Therapy
Image Guided Radiation Therapy

	3D Treatment Planning
4.	**Documentation of FDA Approval:** See **Attachment B.II.E.4.**

B. Provide Current and Proposed Schedules of Operations. The current schedule of operations is Monday through Friday, 8:00 a.m. – 5:00 p.m. The proposed schedule of operation will be Monday through Friday, 8:00a.m. – 5:00 p.m. Extended hours will be added on an as-needed basis.				
INFORMATION REGARDING EXISTING EQUIPMENT				
		2.	**For mobile major medical equipment:**	
			a.	**List all sites that will be served:** Although the current equipment is moveable equipment, it is used exclusively at the site of the Radiation Oncology Center at 1411 Baddour Parkway, Lebanon, Wilson County, Tennessee. Since 1997, the linear accelerator has never been used in another location. As discussed previously, UMC intends to upgrade the current linear accelerator. The upgraded equipment is discussed in **Section B.II.E.1.** above.
			b.	**Provide current and/or proposed schedule of operations:** The current schedule of operations is Monday through Friday, 8:00 a.m. – 5:00 p.m. The proposed schedule of operation will be Monday through Friday, 8:00a.m.– 5:00 p.m. Extended hours will be added on an as-needed basis.
			c.	**Provide the lease or contract cost** A Confidential Letter of Intent has been signed by UMC and SECN. The estimated value of the transaction is $900,000.
			d.	**Provide the fair market value of the equipment; and** Major pieces of equipment currently owned by SECN include: an oncology management system, a Varian 2100C linear accelerator, a Nucletron Similux HP simulator and a Sonnaray machine. According to SECN, most of this equipment was purchased new and installed in 1997. In 2009, the net book value of the linear accelerator was $60,000, and the estimated net book value of all of the equipment, including the oncology management system, was $338,255.
			e.	**List the owner for the equipment.** The current owner of the equipment is SECN. After the purchase of assets from SECN, UMC will be the new owner of the equipment.

		3.	**Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.** The applicant intends to purchase all required equipment from SECN, including the current linear accelerator. However, as discussed previously, UMC intends to upgrade the current equipment to a state-of-the-art linear accelerator, including a new treatment and planning system. It will have a useful life of at least ten years. All equipment will operate a minimum of 8:00 a.m. to 5:00 p.m. on weekdays, and on extended hours when required to meet patient needs. A copy of the quote of the new linear accelerator and treatment planning system is attached as **Attachment B.II.E.1.a.**
III	(A)	**Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:** **1. Size of site (*in acres*);** **2. Location of structure on the site; and** **3. Location of the proposed construction.** **4. Names of streets, roads or highway that cross or border the site.** ***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.*** ***See Attachment B.III.A.***	
	(B)	**1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.** The site is within 8 minutes' drive of Exit 238 on I-40, central to Lebanon and central to the region the project will serve. Interstates and good Federal and State highways connect Lebanon to all parts of the service area, whose residents look to Lebanon for tertiary, specialized care when that is not available in their home communities. City and regional maps are provided in **Attachment B.III.B.**	
IV.	**Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.** **NOTE: *DO NOT SUBMIT BLUEPRINTS*. Simple line drawings should be submitted and need not be drawn to scale.** ***See Attachment B.IV.***		

V.	**For a Home Health Agency or Hospice, identify:** **1. Existing service area by County;** **2. Proposed service area by County;** **3. A parent or primary service provider;** **4. Existing branches; and** **5. Proposed branches.** Not applicable. This application is not for a home care organization or hospice.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1.	**Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**	
	A.	**Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.** **Specific Criteria and Standards Review:** **MEGAVOLTAGE RADIATION THERAPY SERVICE** **1. The need for megavoltage radiation therapy equipment shall be based upon the following assumptions:**

a. **Each radiation therapy unit should serve a population base of at least 120,000 people.**

The service area for the current radiation oncology center consists of the five Tennessee counties: DeKalb, Macon, Smith, Trousdale, and Wilson. Current and Projected estimates based on 2012 data for this service area is 185,402 and projected to be 195,005 in 2016. The linear accelerator at UMC (currently owned and operated by SECN) is the only linear accelerator located within this primary service area.

b. **Minimum capacity is 6,000 procedures per unit annually serving a minimum of 300 cancer patients annually.**

c. **Optimal capacity is 9,984 procedures per unit annually.**

2009-2012 Linear Accelerator Utilization

Year	Number of Procedures	Number of Cancer Patients	Number of Treatment Plans
2012 (YTD)**	1,776	86	166
2011	2,648	132	263
2010	3,427	157	301
2009	3,601	169	335

*Data provided to UMC by SECN
**Data provided through July 2012

Note regarding SECN's Historical Utilization: Through the CON application process, UMC has learned that SECN's actual utilization numbers for the existing linear accelerator services are lower than the numbers SECN reported as part of the Health Services and Development Agency's Major Medical Equipment Registration process. For accuracy, UMC has used the data provided to it by SECN, rather than the utilization numbers reported to the Health Services and Development Agency.

As discussed previously, the linear accelerator at the Radiation Oncology Center is the only linear accelerator located in the primary service area. Since 2010, SECN has experienced lower utilization due to difficulties with staffing and outmoded equipment. The staffing issues stemmed from unforeseen medical issues with its primary radiation oncologist. This situation was recently remedied through the use of a locums tenens radiation oncologist. Based on a review of the current population, anticipated population growth, and cancer incidence rate in the area, there are over 10,000 treatments estimated per year that are required by patients living in the service area. As the only radiation therapy center in the service area, UMC can provide service to the majority of these patients, simply by providing equipment that is up to date and radiation oncology coverage that is consistent and dedicated to the market. The estimated radiation therapy volumes for the service area are shown on **Attachment C.Need.1.b**.

UMC is a full service general acute care cancer facility. UMC believes it can improve quality of care by providing a streamlined continuum of care. This goal will be accomplished by owning the Radiation Oncology Center outright and working closely with community

physicians to provide these essential medical services to the community. UMC anticipates that the utilization numbers will increase with energetic leadership, proper staffing, upgraded equipment and improved operational oversight of the Radiation Oncology Center. The Radiation Oncology Center also will benefit from a strong partnership such as the one between HCA Health Services of Tennessee and UMC.

d. (Capacity is determined by assuming that 4 patients per hour x 48 hours per week x 52 weeks per year equals 9,984. The minimum capacity assumes 60% utilization of each piece of equipment. The net operational hours include allowances for equipment qua1ity assurance procedures warm-up time for a linear accelerator, room preparation, and other support activities.)

The Applicant anticipates that during the first two years of operation, the linear accelerator will perform between 5,150 and 6,750 procedures per year. This will be slightly below or at 60% of capacity using the formula set forth above. The utilization for the first year is slightly lower due to the estimated three months of down-time needed to get the new IMRT-capable linear accelerator and treatment planning system installed and operational. The estimated utilization numbers are based on twenty-six procedures per patient, which is a conservative estimate. Thus, by its second year of operation, UMC estimates that it will exceed 60% utilization of the linear accelerator.

2. The need should be based upon the current year's population projected four years into the future.

The population of the Primary Service Area is predicted to be 195,005 in 2016. More than 13% will be over the age of 65 in 2016.

3. The service area shall mean the county or counties represented by an applicant as the reasonable area to which a health care institution intends to provide radiation therapy services and/or in which the majority of its service recipients reside.

The five-county service area is based on current patient visits to the Radiation Oncology Center. A majority of the radiation therapy patients are expected to reside in the identified service area.

4. No additional megavoltage radiation therapy units shall be approved unless every existing unit in the service area has performed 6,000 or more procedures per unit annually.

Not applicable. The linear accelerator located at UMC is currently the only linear accelerator located within the service area

5. The applicant must provide evidence that the proposed radiation therapy equipment is safe and effective for its proposed use:

a. The United States Food and Drug Administration (FDA) shall certify the proposed equipment for clinical use.

A copy of the registration for the current linear accelerator is provided in ***Attachment B.II.E.3a.*** Documentation of FDA approval for the proposed upgraded equipment is provided in ***Attachment B.II.E.4.***

b. The applicant must demonstrate the proposed service will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and all licensing agencies' requirements.

Because SECN currently uses UMC space to provide services, UMC already conforms to these standards, specifications and requirements. UMC will continue to conform to these standards, specifications and requirements. As mentioned previously, in conjunction with the upgrade of equipment and the treatment planning system, UMC will upgrade the existing space to conform to applicable federal standards, manufacturers' specifications and all licensing agencies' requirements.

c. Staffing should include a radiation oncologist, a radiation physicist, and two therapy technologists per unit.

If the CON is approved, staffing will include a minimum of one radiation oncologist, one radiation physicist, one Dosomitrist, three radiation therapy technologists, one program manager and one administrative assistant as required by the State Health Plan. The curriculum vitae for Dr. Maura Campbell, who will serve as the radiation oncologist of the Radiation Oncology Center on a locum tenens basis during the transition, is attached as **Attachment C.I.5.c.** Dr. Campbell is currently serving as the radiation oncologist at SECN on a locum tenens basis. As discussed previously, UMC plans to enter a management agreement with HCA Health Services of Tennessee whereby HCA Health Services of Tennessee will manage the Radiation Oncology Center at UMC. Under this management arrangement, HCA Health Services of Tennessee will provide UMC with a radiation oncologist and other radiation oncology staff to ensure UMC's staffing needs are met.

C.(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT FACILITY'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

UMC believes that the best healthcare is local healthcare. This is especially true where the patient-base for the service tends to be older and, given the service being discussed, more frail than the general population. Patients benefit from having a full-range of healthcare services centralized within their own community. It is, therefore, important for UMC to develop a full-range of healthcare services. This includes meeting an unmet need for state-of-the-art radiation oncology services within the service area. Rather than having to travel to Nashville or Cookeville, patients should have the choice of receiving treatment close to home. The Radiation Oncology Center is part of the growth plan and five year strategic plan for UMC.

C(I).(3). IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA.

PLEASE SUBMIT THE MAP ON 8 1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

A map of service area including DeKalb, Macon, Smith, Trousdale, and Wilson Counties is attached as **Attachment B.I.Project Description.3**.

The clinical requirements of radiation therapy strongly support the location of the Radiation Oncology Center at UMC which has already been established twice with CN9508-046 and CN9907-046. A treatment plan may require between twenty and forty visits to the center per patient. Because of the intense nature of the treatment for cancer, it is most convenient for patients and their families to have a center within reasonable travelling distance from their homes. In addition, upgrading the existing equipment will allow the patients of this service area to receive state-of-the-art cancer treatment without the physical, emotional and financial costs of travel.

C.(I).4.A. DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please see **Table C(I).4.A**. below that shows the State's official 2012 and 2016 projections for the primary service area population, both total population and those age 50+ because cancer rates increase steeply after the age of 50. The total population in the primary service area, already at 185,402 people, will increase 4.92% between 2012 and 2016. The age 50+ population will increase 8.68%. These compare to 3.26% and 7.07% projected increase in the State population for those age groups. More than 33.87% of the service area population in 2016 will be 50 years and older.

C(I).4.A.
Population Projections
Project Service Area
2012-2016

Service Area Counties	2012		2016		Percent Change	
	Total	50+	Total	50+	Total	50+
DeKalb	19,366	6,702	20,024	7,234	3.3%	7.35%
Macon	23,208	7,393	24,183	7,953	4.03%	7.04%
Smith	20,104	6,715	20,984	7,307	4.19%	8.1%
Trousdale	8,287	2,941	8,611	3,177	3.76%	7.43%
Wilson	114,437	36,566	121,203	40,380	5.58%	9.45%
Service Area	185,402	60,317	195,005	66,051	4.92%	8.68%
% Mature 50+		32.53%		33.87%		
State of Tennessee	6,361,070	2,130,316	6,575,165	2,292,439	3.26%	7.07%

% Mature 50+		33.5%		34.9%		

*Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics

C.(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Please see **Table C.(I).4.B.** for a profile of TennCare enrollment participation and persons living in poverty in the projected service area. In the primary service area, 16.10% of the population is enrolled in TennCare. The average Median income of the primary service area is $43,207. The Radiation Oncology Center at UMC will be open to all the groups named above.

C.(I).4.B.
Service Area Profile
TennCare and Poverty Levels

	TennCare Enrollment				Poverty Profile	
Service Area Counties	April 15, 2012 Enrollment	2012 Population	Percent Enrolled		Median Income	Persons Below Poverty Index
DeKalb	4,329	19,366	22.35%		$34,863	19.2%
Macon	5,849	23,208	25.20%		$33,087	24.1%
Smith	3,937	20,104	19.58%		$43,200	17.7%
Trousdale	1,662	8,287	20.06%		$44,205	9.7%
Wilson	14,073	114,437	12.3%		$60,678	7.6%
PSA Total	29,850	185,402	16.10%			
PSA Average					$43,207	15.66%
Tennessee	1,214,743	6,361,070	19.1%		$43,314	16.5%
PSA Variance from State			-3%		-0.25%	-0.84%

* Bureau of TennCare; U.S. Census QuickFacts (2006-2010 data); Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics

C.(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CONS, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

There is no other linear accelerator located in the Primary Service Area. As the population continues to age, there will be an increased need and demand for cancer treatment. There are

no approved but unimplemented CONs for linear accelerator services in the Primary Service Area. In addition, UMC has no approved but unimplemented CONs.

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C.(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Historical Utilization*

Year	Utilization
2009	3,601
2010	3,427
2011	2,648
2012 (YTD through July)	1,776

*Data provided to UMC by SECN

* Note regarding SECN's Historical Utilization: Through the CON application process, UMC has learned that SECN's actual utilization numbers for the existing linear accelerator services are lower than the numbers SECN reported as part of the Health Services and Development Agency's Major Medical Equipment Registration process. For accuracy, UMC has used the data provided to it by SECN, rather than the utilization numbers reported to the Health Services and Development Agency.

Projected Utilization

Year	Utilization
2013	3,600
2014	5,500

Assumptions for Projected Utilization:

- 20 patients per day x 250 days = 5,000 Treatments for 2013 less 70 business days (20 x 70 = 1,400) due to down time as a result of the installation of new Linear Accelerator.
- 22 patients per day x 250 days = 5,500 Treatments for 2014.
- Each patient requires 20 - 40 treatments (visits) per Treatment Plan over a 4 - 8 week period.
- We estimate each patient needing an average of 26 treatments based on the current allocation of treatment areas at SECN and each treatment area's respective treatment count.
- Used 250 business days (as opposed to 260) for 2013 & 2014 in order to account for holidays. Used 250 - 70 = 180 days in 2013 to account for new installation downtime.
- In terms of Treatment Plans, 2013 assumes an estimate of 12 Treatment Plans per month (with downtime) and 2014 assumes an estimate of 18 Treatment Plans per month.

- In terms of technical procedures, the Cancer Center can accommodate up to 30 patients per day. Currently, SECN treats approximately 10 - 15 patients per day. The attached proposal estimates (after initial ramp up) that the Cancer Center will be running at least 20 patients per day, which is a 52% increase from prior 2011 run rates (assuming a 250 business day calendar year). The year 2013 assumes an average utilization of 20 patients per day but excludes 70 business days to account for downtime due to installation of new Linear Accelerator and 2014 assumes an average utilization of 22 patients per day.

ECONOMIC FEASIBILITY

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST $3,000 ON LINE F. (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED FROM LINE D. (SEE APPLICATION INSTRUCTIONS FOR FILING FEE)**

  The CON filing fee was calculated to be $10,874.61.

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

  See Attachment B.II.E.1.a.

SUPPLEMENTAL- # 1
October 25, 2012
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PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:		
	1.	Architectural and Engineering Fees	
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$50,000.00
	3.	Acquisition of Site	$900,000.00
	4.	Preparation of Site	
	5.	Construction Costs	$346,375.00
	6.	Contingency Fund	
	7.	Fixed Equipment (Not included in Construction Contract)	
	8.	Moveable Equipment (List all equipment over $50,000)	$3,422,822.85
	9.	Other (Specify) Miscellaneous furniture & office equipment	$100,000.00

B.	Acquisition by gift, donation, or lease:		
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify)	
	5.	Other (Specify)	

C.	Financing Costs and Fees:		
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)	

D.	Estimated Project Cost (A+B+C)	$4,819,197.85

E.	CON Filing Fee	$10,843.20

F.	Total Estimated Project Cost (D+E)	$4,830,041.05

	TOTAL	$4,830,041.05

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHA/NUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY-2).

__ A. **COMMERCIAL LOAN--LETTER FROM LENDING INSTITUTION OR GUARANTOR STATING FAVORABLE INITIAL CONTACT, PROPOSED LOAN AMOUNT, EXPECTED INTEREST RATES, ANTICIPATED TERM OF THE LOAN, AND ANY RESTRICTIONS OR CONDITIONS;**

__ B. **TAX-EXEMPT BONDS--COPY OF PRELIMINARY RESOLUTION OR A LETTER FROM THE ISSUING AUTHORITY STATING FAVORABLE INITIAL CONTACT AND A CONDITIONAL AGREEMENT FROM AN UNDERWRITER OR INVESTMENT BANKER TO PROCEED WITH THE ISSUANCE;**

__ C. **GENERAL OBLIGATION BONDS—COPY OF RESOLUTION FROM ISSUING AUTHORITY OR MINUTES FROM THE APPROPRIATE MEETING.**

__ D. **GRANTS--NOTIFICATION OF INTENT FORM FOR GRANT APPLICATION OR NOTICE OF GRANT AWARD; OR**

X E. **CASH RESERVES--APPROPRIATE DOCUMENTATION FROM CHIEF FINANCIAL OFFICER.**

__ F. **OTHER—IDENTIFY AND DOCUMENT FUNDING FROM ALL OTHER SOURCES.**

The estimated project cost is $4,844,034.61, including the application fee. The project will be funded through capital cash reserves provided by Health Management Associates, Inc., UMC's parent company. The linear accelerator and treatment planning system will be financed through a capital lease. A letter from Joe Meek, the Vice President and Treasurer at Health management Associates, Inc., confirming the financial feasibility of this project is attached as **Attachment C(II).2.E.**

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HEALTH SERVICES AND DEVELOPMENT AGENCY.

The purchase price for the assets, including the linear accelerator and other equipment and the opportunity value of an existing radiation treatment program, was determined by negotiation between SECN and another third party operator of radiation therapy programs. Because the program is located within Applicant's facility, UMC exercised its right of first refusal in its agreement with SECN at the previously negotiated price.

Without consideration of the right of first refusal price, the $900,000 cost of re-initiating the radiation therapy program by the hospital is reasonable. The most recent CON granted for the initiation of a radiation therapy program and the acquisition of a linear accelerator was CN1108-30 with equipment and maintenance cost totaling $5,922,124 for all new

equipment.

Further, the estimated cost of installation of the new linear accelerator equipment, including the treatment planning system and associated facility renovations costs is $346,375. This is equal to $52 PSF, which is significantly lower than the average cost PSF of renovated construction associated with other CON applications filed with the HSDA.

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES -- DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS! HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO (2) YEARS FOLLOWING THE COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD REFLECT REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

A completed Historical Data Chart and Projected Data Chart follow.

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

See Table C(II).5., for a description of the project's Average Gross Charge, Average Deduction from Operating Revenue, and Average Net Charge per patient based on an average treatment course of 26 treatments per patient.

Table C(II).5.

	2013	2014
Average Gross Charge	$72,197.84	$72,197.84
Average Deduction from Operating Revenue (includes bad debt)	$53,679.08	$53,679.08
Average Net Charge	$ 18,518.76	$ 18,518.76

*Based on projected financials and utilization data

SUPPLEMENTAL- # 2
October 30, 2012
10:06am

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

		Year 1	Year 2
A.	Utilization Data (Specify unit of measure)	138 Patients	212 Patients
B.	Revenue from Services to Patients		
1.	Inpatient Services	$0	$0
2.	Outpatient Services	$9,996,607	$15,272,594
3.	Emergency Services	$0	$0
4.	Other Operating Revenue (Specify)_____	$0	$0
	Gross Operating Revenue	$9,996,607	$15,272,594
C.	Deductions from Gross Operating Revenue		
1.	Contractual Adjustments	$7,138,672	$10,906,304
2.	Provision for Charity Care**	$158,852	$242,690
3.	Provisions for Bad Debt	$142,897	$218,315
	Total Deductions	**$7,440,420**	**$11,367,308**
NET OPERATING REVENUE		**$2,556,187**	**$3,905,286**
D.	Operating Expenses		
1.	Salaries and Wages	$409,800	$409,800
2.	Physician's Salaries and Wages	$58,320	$58,320
3.	Supplies	$85,738	$130,989
4.	Taxes	$53,757	$54,081
5.	Depreciation	$572,496	$572,496
6.	Rent	$0	$0
7.	Interest, other than Capital	$0	$0
8.	Management Fees:		
	a. Fees to Affiliates	$107,963	$164,944
	b. Fees to Non-Affiliates	$300,000	$300,000
9.	Other Expenses – Specify on separate page	$123,312	$311,041
	Total Operating Expenses	**$1,711,386**	**$2,001,670**
E.	Other Revenue (Expenses) -- Net (Specify)_____	$0	$0
NET OPERATING INCOME (LOSS)		**$844,801**	**$1,903,616**

F.	Capital Expenditures		
1.	Retirement of Principal	$344,120	$367,166
2.	Interest	$117,724	$94,678
	Total Capital Expenditures	$461,844	$461,844
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES		**$382,957**	**$1,441,772**

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES		**Year 1**	**Year 2**
1.	Annual Maintenance on Linear Accelerator	$0	$150,000
2.	Annual Maintenance on Software	$0	$75,000
3.	Printing, Forms & Copier Expenses	$5,886	$5,768
4.	Office Supplies	$4,537	$4,446
5.	Licensing and Fees	$19,000	$19,570
6.	Recruiting	$5,000	$4,500
7.	Advertising and Marketing	$36,000	$34,200
8.	Travel and Related Expenses	$13,946	$14,364
9.	Books, Dues & Subscriptions	$600	$618
10.	Legal, Administrative Fees	$25,000	$0
11.	CON Filing Fee	$10,843	$0
12.	Miscellaneous	$2,500	$2,575
	Total Other Expenses	**$123,312**	**$311,041**

** Please see response to question 14 of the Supplemental Response filed by UMC on October 25, 2012.

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

HISTORICAL DATA CHART (SECN)

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Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2009	Year 2010	Year2011
A. Utilization Data (Specify unit of measure)	169 Patients	157 Patients	132 Patients
B. Revenue from Services to Patients			
1. Inpatient Services	$_____	$_____	$_____
2. Outpatient Services	3,365,696	3,561,943	2,709,095
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____	_____
Gross Operating Revenue	**$3,365,696**	**$3,561,943**	**$2,709,095**
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$2,137,608	$2,180,133	$1,694,950
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	116,824	106,858	81,273
Total Deductions	**$2,254,432**	**$2,286,991**	**$1,776,223**
NET OPERATING REVENUE	**$1,111,264**	**$1,274,952**	**$932,872**
D. Operating Expenses			
1. Salaries and Wages	$373,707	$378,056	$382,871
2. Physician's Salaries and Wages	276,611	264,922	498,270
3. Supplies	45,882	59,638	44,348
4. Taxes	7,230	14,490	9,328
5. Depreciation	56,530	56,526	54,705
6. Rent	190,388	190,446	199,969
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify on separate page 14	131,195	157,760	165,522
Total Operating Expenses	**$1,081,543**	**$1,121,838**	**$1,355,013**
E. Other Revenue (Expenses) – Net (Specify)_____	$_____	$_____	$_____
NET OPERATING INCOME (LOSS)	**$29,721**	**$153,114**	**$(422,141)**
F. Capital Expenditures			
1. Retirement of Principal	$_____	$_____	$_____

2. Interest			
Total Capital Expenditures	$_____	$_____	$_____
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	**$29,721**	**$153,114**	**$(422,141)**

HISTORICAL DATA CHART-OTHER EXPENSES (SECN)

OTHER EXPENSES CATEGORIES	Year 2009	Year 2010	Year 2011
1. Administrative Expenses	$ 6,812	$ 6,042	$ 8,636
2. Communication Expenses	14,149	12,386	12,017
3. Equipment Costs	90,447	102,382	121,724
4. Marketing and Public Relations	7,118	7,146	1,078
5. Billing Costs	12,669	29,804	22,067
Total Other Expenses	$ 131,195	$ 157,760	$ 165,522

SUPPLEMENTAL- # 2
October 30, 2012
10:06am

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HISTORICAL DATA CHART (UMC)

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

		Year 2009	Year 2010	Year 2011
A.	Utilization Data (Specify unit of measure)	14,530 Admissions*	15,391 Admissions*	16,100 Admissions*
B.	Revenue from Services to Patients			
	1. Inpatient Services	$199,961,254	$216,128,145	$225,663,426
	2. Outpatient Services	165,824,243	189,819,189	217,187,088
	3. Emergency Services	53,379,797	65,556,843	80,825,901
	4. Other Operating Revenue (Specify)_____	538,965	600,421	623,920
	Gross Operating Revenue	**$419,704,259**	**$472,104,598**	**$524,300,335**
C.	Deductions from Gross Operating Revenue			
	1. Contractual Adjustments	$303,892,376	$345,627,299	$396,852,555
	2. Provision for Charity Care**	13,328,644	17,343,022	16,627,035
	3. Provisions for Bad Debt	10,282,196	10,211,120	12,151,047
	Total Deductions	**$327,503,216**	**$373,181,441**	**$425,630,637**
NET OPERATING REVENUE		**$92,201,043**	**$98,923,157**	**$98,669,698**
D.	Operating Expenses			
	1. Salaries and Wages	$38,466,111	$38,274,642	$37,522,582
	2. Physician's Salaries and Wages	_____	_____	_____
	3. Supplies	14,652,492	13,581,085	13,944,990
	4. Taxes	1,550,409	2,984,956	5,392,661
	5. Depreciation	6,781,356	6,862,263	5,827,441
	6. Rent	1,174,092	1,665,912	1,759,200
	7. Interest, other than Capital	19,202	13,363	6,288
	8. Management Fees:			
	a. Fees to Affiliates	3,084,042	4,365,371	4,432,830
	b. Fees to Non-Affiliates	_____	_____	_____
	9. Other Expenses – Specify on separate page 14	15,505,962	15,608,256	16,999,755
	Total Operating Expenses	**$81,233,666**	**$83,355,849**	**$85,885,747**
E.	Other Revenue (Expenses) – Net (Specify)_____	$_____	$_____	$_____

SUPPLEMENTAL- # 2
October 30, 2012
10:06am

NET OPERATING INCOME (LOSS)	$10,967,37713	**$15,567,308**	**$12,783,951**
F. Capital Expenditures			
1. Retirement of Principal	$606,431	$359,165	$359,960
2. Interest	54,168	26,314	32,956
Total Capital Expenditures	**$660,600**	**$385,479**	**$392,916**
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	**$10,306,777**	**$15,181,829**	**$12,391,035**

2012 OCT 30 AM 10 13

HISTORICAL DATA CHART-OTHER EXPENSES (UMC)

	OTHER EXPENSES CATEGORIES	Year 2009	Year 2010	*Year2011*
1.	Professional Fees	$ 657,729	$ 774,795	$ 941,336
2.	Outside Services	6,562,370	6,100,230	6,360,141
3.	Advertising	303,400	357,408	452,751
4.	Collection Fees	498,756	342,798	458,836
5.	Dues and Subscriptions	153,287	162,250	147,367
6.	Education and Development	32,144	17,603	24,988
7.	Legal and Audit Fees	-	(158)	39
8.	Meals and Entertainment	14,492	16,045	13,100
9.	Other Expenses (Bank Fees, Freight, General Insurance)	3,003,064	3,298,698	3,729,823
10.	Postage	56,767	41,928	37,557
11.	Physician Recruitment	380,204	281,317	195,780
12.	Repair and Maintenance	1,873,331	2,120,535	2,222,422
13.	Employee Relocation and Recruitment	57,811	93,031	145,819
14.	Telephone	206,568	205,829	337,396
15.	Travel	76,859	107,732	114,172
16.	Utilities	1,629,181	1,688,215	1,818,228
	Total Other Expenses	$ 15,505,962	$ 15,608,256	$16,999,755

*Admissions adjusted to include outpatient.

** Please see response to question 14 of the Supplemental Response filed by UMC on October 25, 2012.

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

Please see **Attachment C(II).6.A.** for current SECN charge schedule. The proposed average net charge is $18,518.76 in Years 1 and 2 (2013-2014). The proposed average gross charge is $72,197.84 in Years 1and 2 (2013-2014). The average net and gross charges are per patient based on an average treatment course of 26 treatments per patient.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HEALTH SERVICES AND DEVELOPMENT AGENCY. IF APPLICABLE, COMPARE THE PROPOSED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average net charge for this project is $18,518.76 in Years One and Two. The average net charge is per patient based on an average treatment course of 26 treatments per patient.

The Applicant is not aware that the Average Gross Charge and Average Net Charge are publicly available for other Tennessee healthcare providers. Therefore, below is the current average charge per patient based on an average treatment course of 26 treatments per patient. The charge data for existing providers was created by a two-step process. First, the charge data for existing providers was created by dividing HSDA Registry data on total charges by HSDA Registry data on reported treatments. Next, for purposes of comparison, the average per treatment amount was multiplied by 26 in order to determine the average charge per patient based on the average treatment course of 26 treatments. See Table C(II).6.B. below.

Table C(II).6.B.
UMC's Average Net Charge in 2013 Compared to Other Middle Tennessee Providers' Charges in 2010

Provider	Charge Per Patient for Average Treatment Course of 26 Treatments
Vanderbilt University Hospital	$26,689.52
Sumner Regional Medical center	$14,695.72
Skyline Medical Center	$32,949.80
Stonecrest Medical Center	$32,535.10
Middle Tennessee Medical Center	$23,236.46
Cookeville Regional Medical Center	$23,684.18

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The project has a positive net operating income and is cost effective in the first two years of operation, as reflected on the Projected Data Chart.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS ACHIEVED.

The project has a positive net operating income and is cost effective in the first two years of operation, as reflected on the Projected Data Chart.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

UMC participates in the Medicare and TennCare programs, and serves and is committed to continuing to serve medically indigent patients. Projected gross charges/revenues from these sources during Year One (2013) are:

2013 Projected Revenue	
Medicare	$3,526,200.31
Medicaid	$849,551.91

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHA-NUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY-10.

UMC is not audited separately or reported as a separate entity, but rather is reflected as a component of the Health Management Associates' audit report which is attached as **Attachment C, Economic Feasibility-10.** Attached as **Attachment C, Economic Feasibility-10a** are most recent income statements for SECN.

C(II).11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE INCLUDING BUT NOT LIMITED TO:

a. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT; INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

The Applicant considered entering into a joint venture agreement with SECN, but no agreement could be reached as SECN's long-range strategic plan is to focus its growth in Alabama, where the majority of its business is conducted.

b. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

Given that the Radiation Oncology Center is located within the outpatient department of UMC, the only practical alternatives would be to joint venture with SECN or to permit SCEN to sell the Radiation Oncology Center to another entity. Based on SECN's corporate strategy to withdraw to its home state and its recent difficulty with staffing, a joint venture was not considered a sound business or patient care decision. Likewise, there could be no assurance that permitting the sale to another third party would guarantee the high-quality patient care that UMC requires.

Theoretically, UMC could apply for a CON to establish a second Radiation Therapy Center in the service area. Practically, however, such an effort would lead to unnecessary duplication of services, confusion in the healthcare marketplace and wasteful investment.

UMC strongly believes that the best interests of patients in the service area and the orderly development of healthcare are best served by re-initiating hospital based radiation therapy at the location that has provided the service since 1997. The grant of this Certificate of Need will allow that to happen, will allow the upgrading of the service and will allow effective, on-site leadership of the Radiation Therapy Center.

CONTRIBUTION TO ORDERLY DEVELOPMENT OF HEALTHCARE

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (E.G., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.), MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

The Applicant will continue to foster relationships with neighboring hospitals in the service area. These facilities are:

- DeKalb Hospital, Smithville, DeKalb County
- Macon County General Hospital, Lafayette, Macon County
- Riverview Regional Medical Center, Carthage, Smith County
- Smith County Memorial Hospital, Smith County
- Trousdale Medical Center, Hartsville, Trousdale County

Applicant is contracted with the following managed care organizations:

Aetna PPO	Lifesyc Psych
Aetna POS	Magellan Behavioral Health
Aetna HMO	Mental Health Network
BCBS Preferred	Multiplan
BCBS Select	Novanet
BCBS Cover Kids	Odyssey Hospice
BCBS Access TN	Prime Health
BCBS Healthy TN Babies	Private Health Care Systems
BCBS Medicare Advantage	Psychcare
Blue Care TennCare	Signature
Beechstreet	Tricare Champus
Cigna PPO	United Healthcare Community Plan TennCare
Cigna POS	United Healthcare PPO
Cigna HMO	United Healthcare POS
First Health	United Healthcare HMO
GEHA USA	United Healthcare Behavioral Health
Great West PPO	Value Options
Great West POS	Wilson County Employees
HealthSpring Medicare Advantage	Wilson County Board of Education
Humana Choice Care	Windsor Behavioral Health

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

This criterion has already been satisfied twice with the issuance of CN9508-046 and CN9907-046. There will be no instances of duplication of services, as this application is only for a change in ownership of an existing facility that is the only Radiation Oncology Center offering linear accelerator treatment services located in the five-county service area.

The positive effect on the health care system is cancer patients and their families will continue to have a radiation oncology center in their community. The location of the Center is not changing. This application merely suggests a change in ownership and re-initiation of linear accelerator services. Further, UMC believes that owning the center outright will offer greater financial viability to the Radiation Oncology Center as the hospital has the resources to upgrade the existing major medical equipment that is at the end of its useful life.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTES FOR THESE POSITIONS. ADDITIONALLY, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

The Applicant anticipates the following FTE to safely operate the center:

- 1 Radiation Oncologist – Salary $58,320*
- 1 Radiation Physicist – Provided through management relationship
- 1 Dosimetrist – Provided through management relationship
- 1 Registered Nurse – Salary $55,000
- 3 Radiation Technologists – Salary $61,000 each
- 1 Administrative/Clerical Person – Salary $28,500
- 1 Program Manager – Salary $75,000

*$58,320 has been allotted to pay for a radiation oncologist during the transition. Following the transition, UMC expects that the radiation oncologist will be provided pursuant to the management agreement between HCA Health Services of Tennessee and UMC (see item D.8. on the Projected Data Chart).

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

UMC has experienced and effective staff recruitment personnel and has been in the community for many years. It does not anticipate any problem securing the human resources required for this project.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS ALL LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSION PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW POLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

Applicant understands and intends to comply with all State and Federal guidelines and requirements for credentialing and granting of privileges to medical staff. Applicant intends to develop a QAPI plan for the Center and to meet all regulatory, State and CMS guidelines for operating a radiation oncology center.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (E.G., INTERNSHIPS, RESIDENCIES, ETC.).

Applicant currently is contracted with the universities and colleges set forth on **Attachment C(III).6.**

C(III).7(A). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

Applicant understands and intends to comply with all State and Federal guidelines and requirements for credentialing and granting of privileges to medical staff. Applicant intends to develop a QAPI plan for the center and meet all regulatory, State and CMS guidelines for operating a radiation oncology center.

C(III).7(B). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION.

The current owner, SECN, presently has valid certifications from the Tennessee Department of Environment and Conservation, Division of Radiological Health. If a change of ownership is approved by the Agency, the applicant will obtain such documentation as new owner of the Center. **See Attachment B.II.E.3a.**

The current licensure information for UMC are attached as **Attachment C(III).7(B).**

C(III).7(C). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY. PROVIDE A COPY OF THE CURRENT LICENSE OF THE FACILITY.

Applicant is in good standing with the Board for Licensing Health Care Facilities, and is accredited by The Joint Commission. A copy of the current licensure information is attached as **Attachment C(III).7(B).**

C(III).7(D). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

A copy of the most recent survey results and verification of the acceptance of UMC's Plan of Correction is attached as **Attachment C(III).7(D).**

C(III).8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

The Applicant attests that there are no outstanding or past final orders or judgments against the Applicant.

C(III).9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

The Applicant attests that there are no final civil or criminal judgments for fraud or theft against any persons or entity with more than 5% ownership interest in the project.

C(III).10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Applicant intends to report annually on its JAR (if applicable) or directly to the HSDA or any reviewing agency information on the total number of patients treated, the number and type of procedures performed and any other data as required.

PROOF OF PUBLICATION

See **Attachment C.III.10.**

DEVELOPMENT SCHEDULE

1. **PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.**

   The Project Completion Forecast Chart is provided after this page.

2.	**IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.** The Applicant anticipates completing the project within the period of validity.

ECONOMIC FEASIBILITY

I.	**Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.**	
	•	**All projects should have a project cost of at least $3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)** The minimum CON filing fee of $3,000 has been inserted in the Project Cost Chart.
	•	**The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.**
	•	**The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.**
	•	**For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.**

PROJECT COMPLETION FORECAST CHART

2012 OCT 15 AM 11: 52

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): January 23, 2013

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

Phase	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed		02/2013
2. Construction documents approved by the Tennessee Department of Health		04/2013
3. Construction contract signed		04/2013
4. Building permit secured		05/2013
5. Site preparation completed		05/2013
6. Building construction commenced		06/2013
7. Construction 40% complete		06/2013
8. Construction 80% complete		07/2013
9. Construction 100% complete (approved for occupancy		08/2013
10. *Issuance of license		08/2013
11. *Initiation of service		09/2013
12. Final Architectural Certification of Payment		09/2013
13. Final Project Report Form (HF0055)		09/2013

*** For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

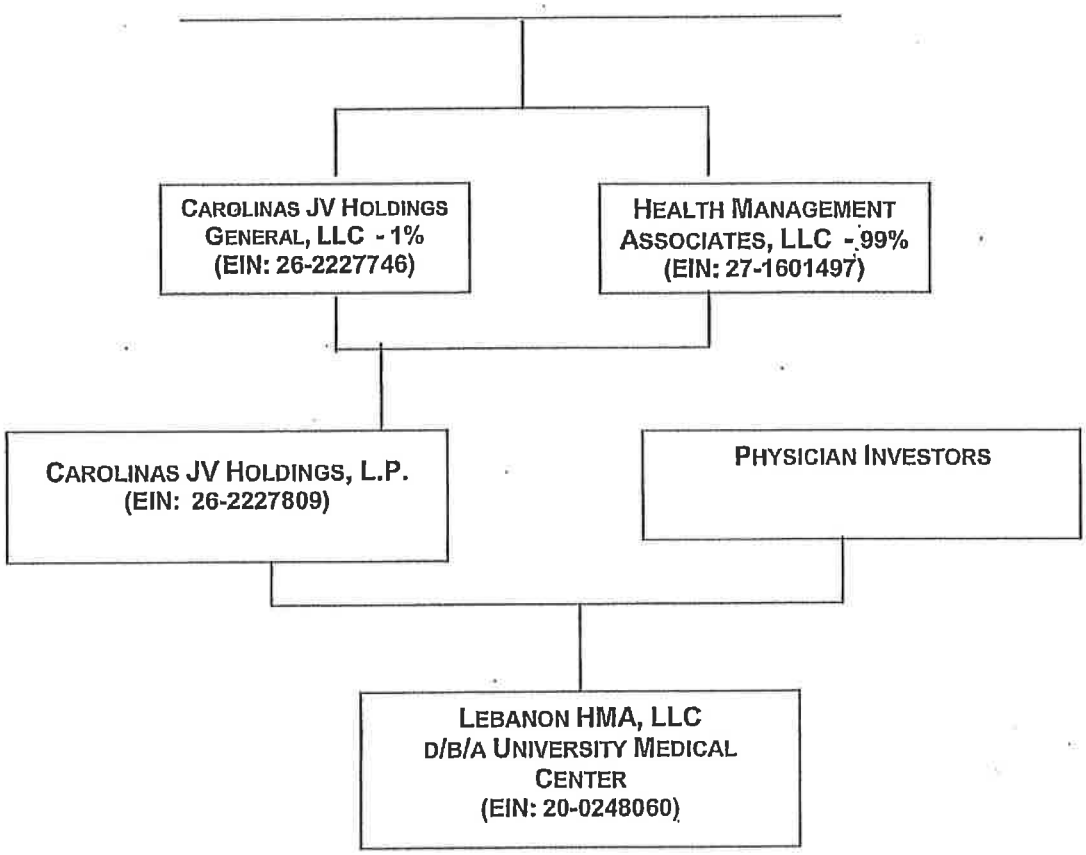
Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

11225985.6

ATTACHMENT B(I)

Project Description 1.

DIRECT AND INDIRECT OWNERSHIP OF LEBANON HMA, LLC



ATTACHMENT B.I.

Project Description 2.

TriStar Health

TriStarHealth.com

110 Winners Circle, First Floor
Brentwood, TN 37027
(615) 886-4900

October 8, 2012

Mr. Saad Ehtisham
Chief Executive Officer
University Medical Center
1411 Baddour Parkway
Lebanon, TN 37087

Re: Letter of Intent regarding Management of Oncology Department at University Medical Center

Dear Mr. Ehtisham,

This is our letter of intent to negotiate a management agreement whereby, if the negotiations are successful, HCA Health Services of Tennessee, Inc. will manage a provider-based radiation oncology department at University Medical Center in Lebanon. Our conversation in this regard is on-going. Of course, before entering into a definitive management agreement, all legal and business considerations must be resolved, including but not limited to, determining fair market value compensation for management services.

We look forward to continuing our discussions.

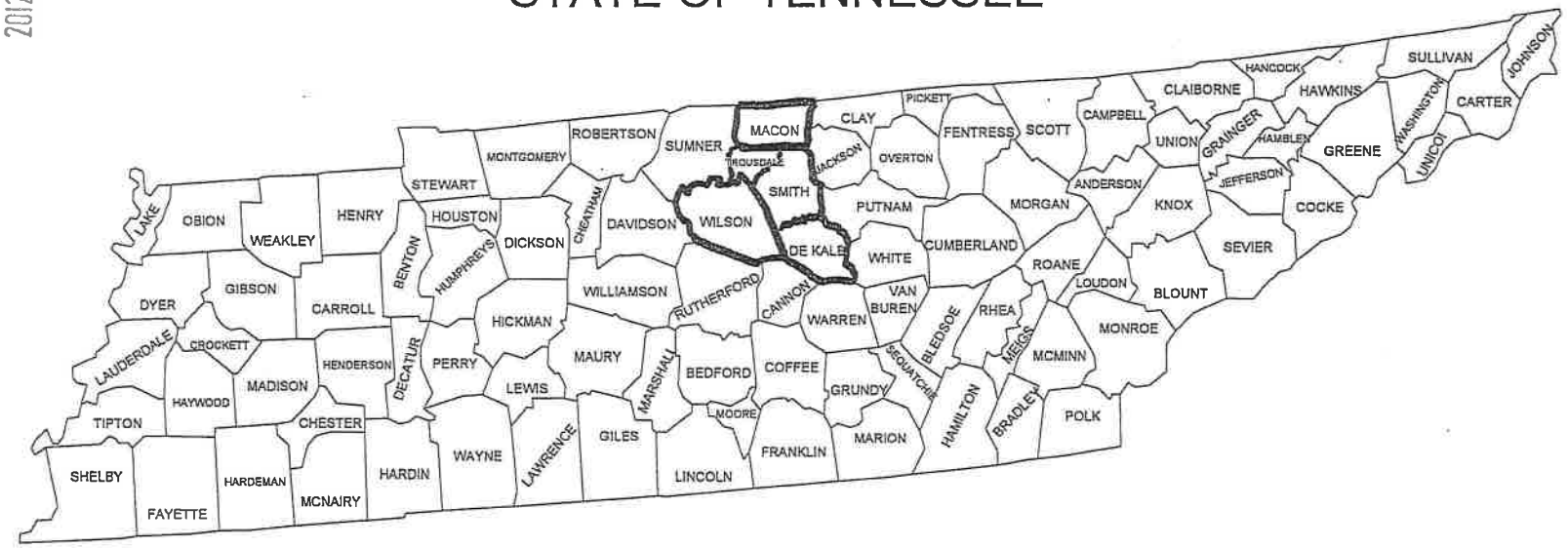
Sincerely,

Tim Scarvey
Senior Vice President
TriStar Health

ATTACHMENT B(I)

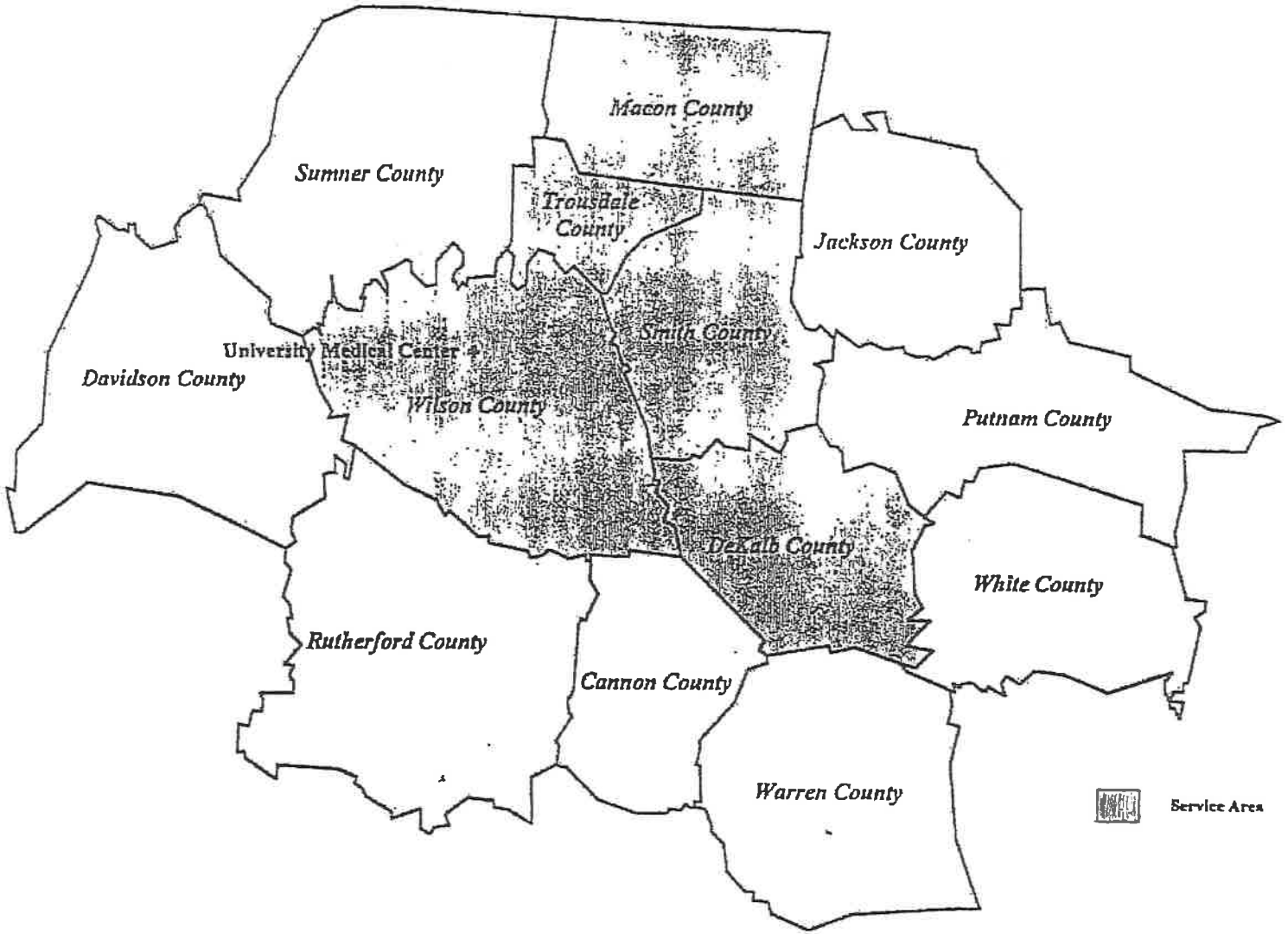
Project Description 3.

STATE OF TENNESSEE



Center for Business and Economic Research, The University of Tennessee.

Map of Proposed Service Area



Blake Contracting LLC.

Specializing in Healthcare Contracting

"Exhibit "D"

TN GC License #: 00060840
October 2, 2012

Randy Holly
VP Construction and Design
HMA Corporation
206 West 3rd Street
Gaffney, SC 29340

Ref: University Medical Center (Lebanon, TN)
Varian Clinac Renovation – Quote # BS12-58

Mr. Holly,

Blake Contracting, L.L.C., Inc. is pleased to provide a proposal to provide labor, material, equipment, supervision and subcontractors for the renovation of the existing therapy room and control room to facilitate the installation of Varian Medical Systems Clinac system at the Cancer Center at University Medical Center in Lebanon, TN. The renovation work to facilitate the new Varian Equipment is limited to that specified in this Scope of Work and will comply with the floor plan and requirements detailed in Varian Medical Systems Designers Desk Reference Guide: Vol. 12, No.4 for its Project and a site conducted by Blake Contracting, L.L.C.

The Scope of Work is as follows:

Division 1 – General Requirements

1. Provide Architectural, Mechanical, Electrical and Plumbing drawings for site construction and this scope of work only for local permitting.
    a. Based on utilizing Blake Contracting, LLC preferred TN licensed firms.
    b. Drawings to include life safety plans, Interim life Safety and infectious control plans.
        i. Base building Life Safety Plan to be provided by facility for updating at completion of project and/or Blake Contracting will provide CAD file for UMC insertion into UMC's life safety drawings.
        ii. Facility is to provide infectious control risk assessment plan to Blake Contracting prior to the start of design.
        iii. Corrections of existing building deficiencies are excluded.
        iv. Submissions to the Tennessee Department of Health for review are included.
            - Project to be treated as an equipment change out.
2. Provide local city / county permitting as required for construction.
3. Provide labor to comply project timeline.
4. Provide general supervision.
5. Provide Air scrubbing filtration during the project to create negative airflow during the construction process.

6. Dumpster as required for construction debris to be located on near the rear entrance to building.
7. Job clean up for occupancy.
    a. Customer to final infectious control cleaning and sterilization.
    b. Includes cleaning of project periodically as required in I.L.S.M/I.C.R.A.
8. Performance and Payment bonds for this construction scope of work only.

Division 2 – Site Work / Demolition

1. Provide labor and materials for the construction of temporary plastic dust barriers for safety purposes, noise reduction, and dust containment to allow patient flow during construction.
    a. Provide sealing off of appropriate supply and return ducting to minimize dust contamination of ductwork and surrounding areas.
2. Demolition of existing flooring in the therapy room area and partial control room to break at the wall area.
    a. Asbestos abatement is excluded.
3. Demolition of existing acoustical ceiling and grid in the therapy room.
4. Demolition of redundant or abandoned electrical ductwork, panels, conduits and junction boxes to the first junction point and are not required for the work.
5. Provide labor and materials to core drill for the new HVAC condenser lines to the exterior wall location.
6. Provide labor and materials to demo walls sections as required to accommodate Varian's vendor specific electrical item installation.
    a. This includes demolition of the concrete floor for installation of conduits to new base location.
    b. Conduits for control room area to be ran overhead from nearest wall location after leaving baseplate area.
        1. Includes wall coring at an approximate 35 degree angle for conduit penetrations.

Division 3 – Concrete

1. Provide labor and materials to install four (4) inch concrete pad for new chiller installation and HVAC condenser installation in the yard area outside of the vault area.
2. Provide labor and materials to patch and concrete after removal of base plate and installation of new base plate and additional conduits.
3. Provide labor and materials to concrete in new base plate and finish with grout.
    a. Base plate rigging and placement is to be by others.
    b. Blake Contracting will assist with the coordination of placement of plate.

Division 4 – Masonry (Not Applicable)

Division 5 – Metals

1. Provide labor and materials to install new backer plate at new laser locations.
    a. Includes new plate for overhead laser as well.

Division 6 – Woods and Plastics

1. Provide labor and materials to install twenty-eight (28) LF of solid surface counter top, with laminated base and overhead millwork in the therapy room area.
    a. Color to be selected by owner from Blake Contracting, LLC supplied samples.
    b. Millwork to be constructed to be similar to existing millwork layouts.
2. Provide labor and materials to install eight (8) LF of solid surface counter top, with laminated base millwork in the control room area.

a. Color to be selected by owner from Blake Contracting, LLC supplied samples.

Division 7 – Thermal and Moisture Protection

1. Provide labor and material to install caulking and fire rated sealant compounds at penetrations necessary to produce the renovation work.
2. Provide labor and materials to install one (1) wall adaptor for fresh air intake.

Division 8 – Doors, Windows, and Glass (Not Applicable)

Division 9 – Finishes

1. Provide labor and materials to re-frame, sheetrock and finish wall in areas modified after installation of vendor specific items.
2. Provide labor and materials to point-up the walls in the therapy, control and equipment room areas.
    a. Includes minor patch and repair only.
3. Provide labor and material to paint the walls (2 coats) in the in the therapy, control and equipment room areas.
    a. Customer to select color.
    b. Includes painting walls affected by construction to first corner in either direction from the construction area in the control room area.
    c. Control room area to break at corner/transition location as described onsite.
4. Provide labor, material and installation of sheet vinyl flooring with 4 inch flash coving in the therapy and control room areas.
    a. Flooring to break to all surrounding floors area under the door.
    b. The equipment room is to remain "as is" concrete finish.
5. Provide labor and materials to install new 2 x 2 standard, non-directional, revealed edge acoustical ceiling tile and grid in the therapy room area.
    a. There will be a soffitted area at the air handler location in the therapy room.

Division 10 – Specialties (Not Applicable)

Division 11 – Equipment (Not applicable)

Division 12 – Furnishings (Not applicable)

Division 13 – Special Construction

Division 14 – Conveying Systems (Not Applicable)

Division 15 – Mechanical

1. Provide labor and materials to install new five (5) ton split system (Liebert of equivalent) to condition the therapy room area to meet or exceed Varian specifications.
    a. Low ambient controls are included.
    b. Includes the installation of one (1) thermostat in the exam room.
    c. Electric reheat is included.
    d. Humidification is included.
    e. Fresh air intake will tie into the existing duct work in the space and reroute to exterior wall for fresh air intake.
    f. Certified test and balance is included.

2. Provide labor and materials to install **Varian supplied** chilled water system to support Varian equipment to meet Varian Specifications.
    a. Chiller to be onsite a minimum of two (2) week prior to the MRI gantry delivery.
    b. **Chiller to be placed on the ground at near the exterior wall of the exam room vault wall.**

➢ Existing plumbing for sink is to remain "as is" and reused.

Division 16 – Electrical

1. Provide labor and materials to install new 80AMP 3 phases, 4 wire, 480 feeders from existing electrical panel LZ located in the main electrical room to new breaker and panel to meet Varian requirements.
    a. Standard shuntable breaker and panel to be used for the new equipment.
2. Provide labor and materials to install services per manufacture's recommendations for the equipment in Division 15 above.
3. Provide labor and materials to install new standard 2 x4 lights in the exam and control room areas to tie into the existing circuitry.
4. Provide labor and materials to install nine (9) dimmable compact fluorescent lighting fixtures for the exam room area.
5. Provide labor and materials to install new vendor specific raceway per Varian drawings.
    a. Conduits to the control room that are existing will be reused.
    b. Additional conduits will be run overhead and tied into the baseplate from the control room to the baseplate.
        I. To include two (2) additional 4 inch conduits.
    c. Additional conduits to from the modulator to the base plate will be cut into the slab.
        I. To include two (2) additional 4 inch conduits.

EXCLUSIONS: The following elements of design, engineering, construction, equipment or related work or services **ARE NOT INCLUDED** in the renovation work or otherwise a part of this Work Scope:

1. Additional shielding of any type.
2. Structural design and/or review.
3. Mold abatement and/or the correction of existing conditions.
4. Relocation and/or correction of existing underground utilities.
5. Any item or work not specifically stated to be included in this quote should be considered excluded.
6. Existing structural conditions and/or the correction of existing structural conditions outside of the items within this proposal.
7. Asbestos testing, abatement or encapsulation.
8. Any upgrades to existing power conditions beyond this Scope of Work (i.e. existing facility voltage issues such as power drops, power surges, power spikes, delays in generated power, power conditioning, etc.)
9. Any construction due to state or local code upgrades (See clarifications in a. and b. below).
    a. All new construction within this scope will comply with all local, state and federal code requirements.
    b. Existing facility state or local code deficiencies outside of our project area are excluded.
10. Work in bio-hazardous, radioactive, toxic, asbestos or other high risk environments.
11. Any work involving telephone systems, computer data systems, alarms, code blue and nurse call or networking to other modalities (raceway to be provided per drawings and installed by others) except per inclusions above in division 16-electrical.

12. Any state or room licensing fees.
13. Impact, sewer tap and/or encroachment fees.
14. Utilities needed for ancillary equipment such as film processors, film viewers, etc. Not applicable.
15. New utility power services, work involving emergency power, UPS or power conditioning equipment.
16. Relocation of existing main electrical services or expansion of main electrical power capacity.
17. Energy and building management systems.
18. Any work involving fire alarm or fire suppression systems additions or modifications except per inclusions. Not Applicable in this scope of work. Existing is to remain "as is".
19. De-installation of existing diagnostic imaging system and reinstallation of new diagnostic imaging system.
20. Removal of existing medical equipment, furniture and shelving.

Qualifications:

1. Blake Contracting, L.L.C., Inc. will need approximately six-seven (6-7) weeks, after the issuance of permits, to complete construction based on sufficient lead – time to order non stock items.
    - 5 weeks-Architectural and Engineered drawings production
        - 1 week schematic design.
        - 2 weeks construction drawings.
        - 1 week customer review (if required)
        - 1 week final production.
    - 2-3 weeks for local permitting (outside of Blake Contracting, L.L.C. control)
        - Plans to be mailed to TN Department of Health during same time as permit review.
    - 6-7 weeks for construction.
2. All work to be performed during standard working hours of Monday through Friday, excluding holidays, between the hours of 7:00 am – 5:30 pm or at the discretion of Blake Contracting, L.L.C.
    - Shut down to be performed after hours.
    - Major noise producing items to be performed in early morning hours or late afternoons.
        - Major defined as concrete cutting, jack hammering, concrete drilling, etc. Normal construction related items are not considered for afterhours work. We will work with staff to minimize disruption in the area.
3. Any changes to the scope of the work will be handled through a written change order process only.
4. Cost / Plus items shall be charged cost plus 15% for overhead and 10% for profit.
5. This proposal is valid for Ninety (90) days from date illustrated on page 1.

If you have any questions, please do not hesitate to contact me. We look forward to serving you and your organization in the near future.

Materials and Labor:
All for the sum of = $346,375.00
(Three hundred forty-six thousand, three hundred seventy-five dollars and 00/100's)

Work can begin on this project upon acceptance of this proposal and the issuance of a purchase order.

This proposal and scope of work is confidential information and is the sole property of Blake Contracting, L.L.C. Distribution is prohibited without prior approval from Blake Contracting, L.L.C.

Please complete the following information and return to our office ***(Payment terms are "monthly progress payment"/ invoices for payment submissions each month and/or upon Substantial Completion. Customer to make payments to Blake Contracting, L.L.C. within sixty (60) days of receipt of any application for payment. Any payment, outside of the substantial completion invoice (retainage drops to 5% for closeout), shall be subject to customer's right to withhold and retain ten percent (10%) of the payment amount set forth in each invoice, until the payment is made following Substantial Completion, which payment shall be made in full within sixty (60) days of receipt of invoice):***

*****All work in this scope is warranted for one (1) year after first use by customer. Mechanical equipment is warranted one year from startup. *****

Thank you for the opportunity,

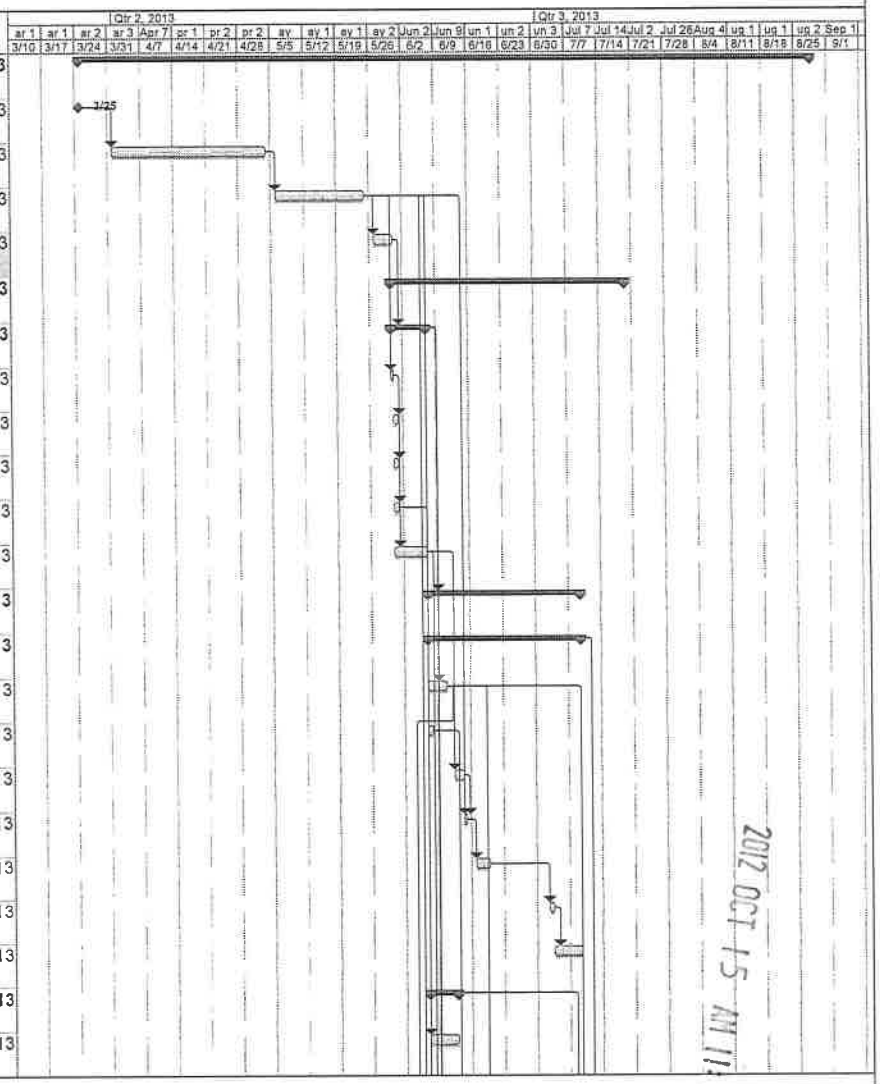
Blake Skarpalezos
President /CEO
Blake Contracting, L.L.C.

Thu 10/4/12

UMC-Lin Acc Renovation-10-04-12-Rev-01
Tentative Timeline

Created By:
Blake Skarpalezos
blake@blakegc.com

ID	Task Name	Business Days	Start	Finish
1	**1 GHS-Varian Lin Acc Renovation**	**110.75 days**	**Mon 3/25/13**	**Wed 8/28/13**
2	1.1 Issuance of Contract	0 days	Mon 3/25/13	Mon 3/25/13
3	1.2 A&E Drawings	25 days	Mon 4/1/13	Fri 5/3/13
4	1.3 Permitting	15 days	Mon 5/6/13	Fri 5/24/13
5	1.4 Equipment De-installation (By Others)	4 days	Mon 5/27/13	Thu 5/30/13
6	**1.5 Lin Acc Construction**	**37.13 days**	**Thu 5/30/13**	**Fri 7/19/13**
7	**1.5.1 Demolition**	**5.63 days**	**Thu 5/30/13**	**Thu 6/6/13**
8	1.5.1.1 Dust Partitions	0.5 days	Thu 5/30/13	Thu 5/30/13
9	1.5.1.2 Interior finishes Demolition	1 day	Fri 5/31/13	Fri 5/31/13
10	1.5.1.3 HVAC Demolition	1 day	Fri 5/31/13	Fri 5/31/13
11	1.5.1.4 Electrical Demolition	1 day	Fri 5/31/13	Fri 5/31/13
12	1.5.1.5 Concrete Demolition	5 days	Fri 5/31/13	Thu 6/6/13
13	**1.5.2 Construction Rough**	**20.75 days**	**Fri 6/7/13**	**Tue 7/9/13**
14	**1.5.2.1 GC Rough**	**20.75 days**	**Fri 6/7/13**	**Tue 7/9/13**
15	1.5.2.1.1 Frame walls	2 days	Fri 6/7/13	Mon 6/10/13
21	1.5.2.1.7 Unistrut/plates for lasers	1 day	Fri 6/7/13	Fri 6/7/13
16	1.5.2.1.2 Rebar form	2 days	Wed 6/12/13	Fri 6/14/13
17	1.5.2.1.3 Rebar inspection	0.5 days	Fri 6/14/13	Fri 6/14/13
18	1.5.2.1.4 Concrete placement	3 days	Mon 6/17/13	Wed 6/19/13
19	1.5.2.1.5 Placement of Base Frame (by others)	1 day	Tue 7/2/13	Wed 7/3/13
20	1.5.2.1.6 Grout in Base Frame	2 days	Wed 7/3/13	Tue 7/9/13
22	**1.5.2.2 Rough Electrical**	**4 days**	**Fri 6/7/13**	**Wed 6/12/13**
23	1.5.2.2.1 480 Volt feeder installation	4 days	Fri 6/7/13	Wed 6/12/13



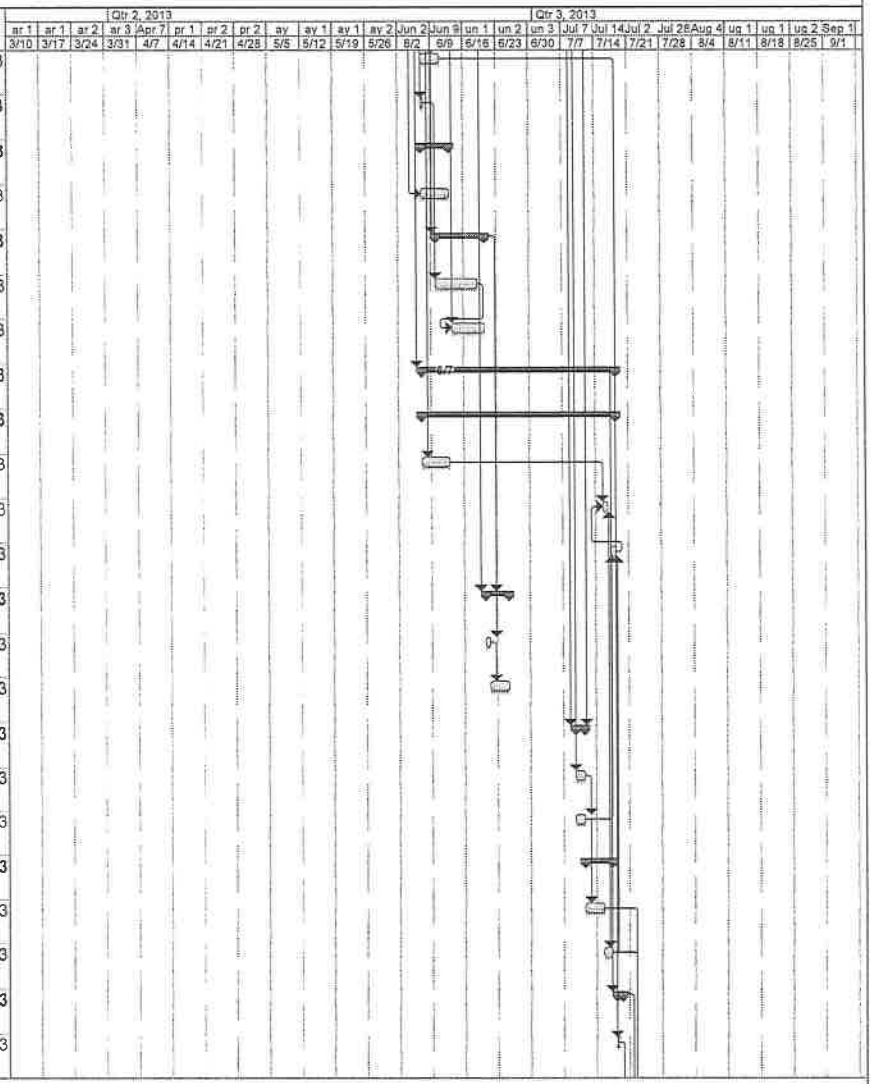
Task — Progress — Summary — External Tasks — Split
Split — Milestone — Project Summary — External MileTask

Blake Contracting
Specializing in Healthcare Contracting

UMC-Lin Acc Renovation-10-04-12-Rev-01
Tentative Timeline

Created By:
Blake Skarpalezos
blake@blakegc.com

ID	Task Name	Business Days	Start	Finish
24	1.5.2.2.2 Rough-in of walls	2 days	Fri 6/7/13	Mon 6/10/13
28	**1.5.2.4 Rough Inspections**	**0.5 days**	**Fri 6/7/13**	**Fri 6/7/13**
29	**1.5.2.5 Rough Plumbing**	**4 days**	**Fri 6/7/13**	**Wed 6/12/13**
30	1.5.2.5.1 Rough Domestic water/drains/Chiller	4 days	Fri 6/7/13	Wed 6/12/13
25	**1.5.2.3 Rough HVAC**	**8.5 days**	**Mon 6/10/13**	**Thu 6/20/13**
27	1.5.2.3.2 Install equipment	7 days	Mon 6/10/13	Tue 6/18/13
26	1.5.2.3.1 Install Ductwork	5 days	Thu 6/13/13	Thu 6/20/13
31	**1.5.3 Construction Finish**	**27.25 days**	**Fri 6/7/13**	**Thu 7/18/13**
38	**1.5.3.3 Electrical Finish**	**27.25 days**	**Fri 6/7/13**	**Thu 7/18/13**
39	1.5.3.3.1 Vendor Specific Electrical	4 days	Fri 6/7/13	Wed 6/12/13
41	1.5.3.3.3 Finish electrical	1 day	Mon 7/15/13	Tue 7/16/13
40	1.5.3.3.2 Installation of lights	1 day	Wed 7/17/13	Thu 7/18/13
32	**1.5.3.1 Mechanical Finish**	**3 days**	**Thu 6/20/13**	**Tue 6/25/13**
33	1.5.3.1.1 Control installation	1 day	Thu 6/20/13	Fri 6/21/13
34	1.5.3.1.2 Start-up and balancing	2 days	Fri 6/21/13	Tue 6/25/13
35	**1.5.3.2 GC Finish**	**2 days**	**Tue 7/9/13**	**Thu 7/11/13**
36	1.5.3.2.1 Drywall Install	2 days	Tue 7/9/13	Thu 7/11/13
37	1.5.3.2.2 Drywall Mud/Finish	2 days	Tue 7/9/13	Thu 7/11/13
42	**1.5.3.4 Project Finishes**	**3.5 days**	**Thu 7/11/13**	**Wed 7/17/13**
43	1.5.3.4.1 Painting	2 days	Thu 7/11/13	Mon 7/15/13
44	1.5.3.4.2 Acoustical ceiling installation	1.5 days	Mon 7/15/13	Wed 7/17/13
45	**1.5.4 Punch-out of project (TBD)**	**1.5 days**	**Thu 7/18/13**	**Fri 7/19/13**
46	1.5.4.1 Walk Through with Customer	0.5 days	Thu 7/18/13	Thu 7/18/13



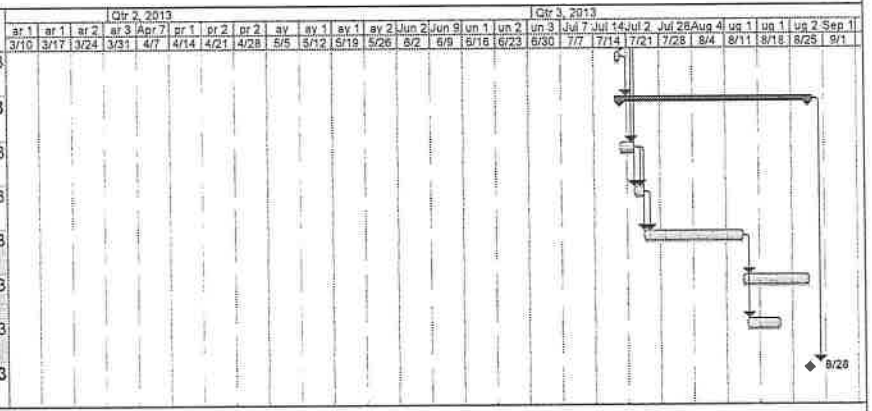
Task — Progress — Summary — External Tasks — Split
Split — Milestone — Project Summary — External MileTask

Blake Contracting
Specializing in Healthcare Contracting

UMC-Lin Acc Renovation-10-04-12-Rev-01
Tentative Timeline

Created By:
Blake Skarpalezos
blake@blakegc.com

ID	Task Name	Business Days	Start	Finish
47	1.5.4.2 Complete construction punch	1 day	Thu 7/18/13	Fri 7/19/13
48	**1.6 Equipment Installation**	**28 days**	**Fri 7/19/13**	**Wed 8/28/13**
49	1.6.1 Delivery of Varian Equipment	1 day	Fri 7/19/13	Mon 7/22/13
50	1.6.2 Flooring installation(after equipment placement)	2 days	Mon 7/22/13	Wed 7/24/13
51	1.6.3 Mechanical Installation Phase (???)	15 days	Wed 7/24/13	Wed 8/14/13
53	1.6.5 Equipment Installation (outside of Varian)	10 days	Wed 8/14/13	Wed 8/28/13
52	1.6.4 Equipment Calibration	5 days	Thu 8/15/13	Thu 8/22/13
54	**1.7 Applications and Patient Use**	**0 days**	**Wed 8/28/13**	**Wed 8/28/13**



Task — Progress — Summary — External Tasks — Split
Split — Milestone — Project Summary — External MileTask

Blake Contracting
Specialists in Healthcare Construction

ATTACHMENT B.II.C.

PATHOLOGISTS' LABORATORY, P.C.

2012 OCT 15 AM 11:52

THOMAS G. WESTERMEIR, M.D.
DAN A. PANKOWSKY, M.D.
BRIAN R. CARLSON, M.D.
ANGELA L. BYRD-GLOSTER, M.D.
CLAUDE R. VELASCO, M.D.
Diplomates American Board of Pathology

EXCELLENCE IN DIAGNOSTIC PATHOLOGY

Andrew Jackson Medical Complex
4733 Andrew Jackson Pkwy.
P.O. Box 59
Hermitage, TN 37076
Phone: (615) 574-PATH

Surgical Pathology
Cytology
Clinical Chemistry
Hematology
Immunochematology
Bacteriology
Serology
Laboratory
Management

August 1, 2012

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Dear Ms. Hill:

As members of the Medical Staff and Pathologists at University Medical Center, we are aware of the large number of oncology patients who are in need of radiation services. Providing this service in Wilson County improves the quality of life and care for these patients by alleviating the need to travel back and forth to Nashville to receive this treatment. This is especially true for the more elderly and/or severely ill patients and their families.

We respectfully request that you and the Commission consider these points, and approve the Certificate of Need requested by University Medical Center for this very important service.

Sincerely,

Brian Carlson

Brian Carlson, M.D.
Pathologists' Laboratory, P.C.

NANCY R. BARRETT, M.D.
General Surgery

1419 W. Baddour Pkwy.
Lebanon, Tennessee 37087
Telephone: (615) 443-1599
Fax: (615) 443-1080

August 1, 2012

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Dear Ms. Hill:

As a general surgeon in Lebanon, I have been very involved in scheduling radiation therapy for my patients. The availability of radiation treatment is of great benefit to my patients.

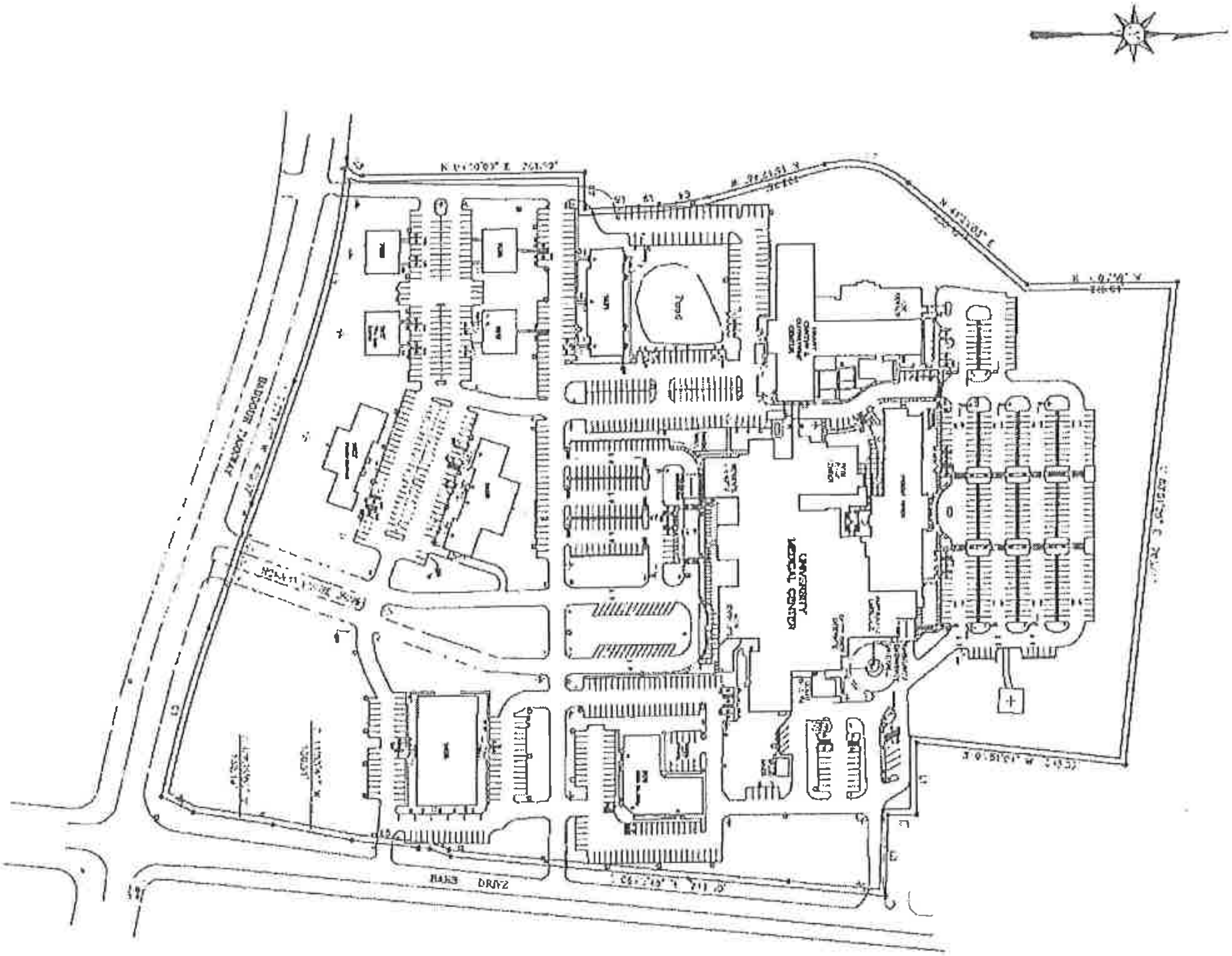
Please approve this Certificate of Need so that this important and much needed radiation oncology service can continue to be provided to the residents of Wilson and surrounding counties.

Sincerely,

Nancy Barrett, M.D.
1419 Baddour Parkway
Lebanon, TN 37087

ATTACHMENT B.II.E.1.A.

ATTACHMENT B(III).A.



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SHEET:

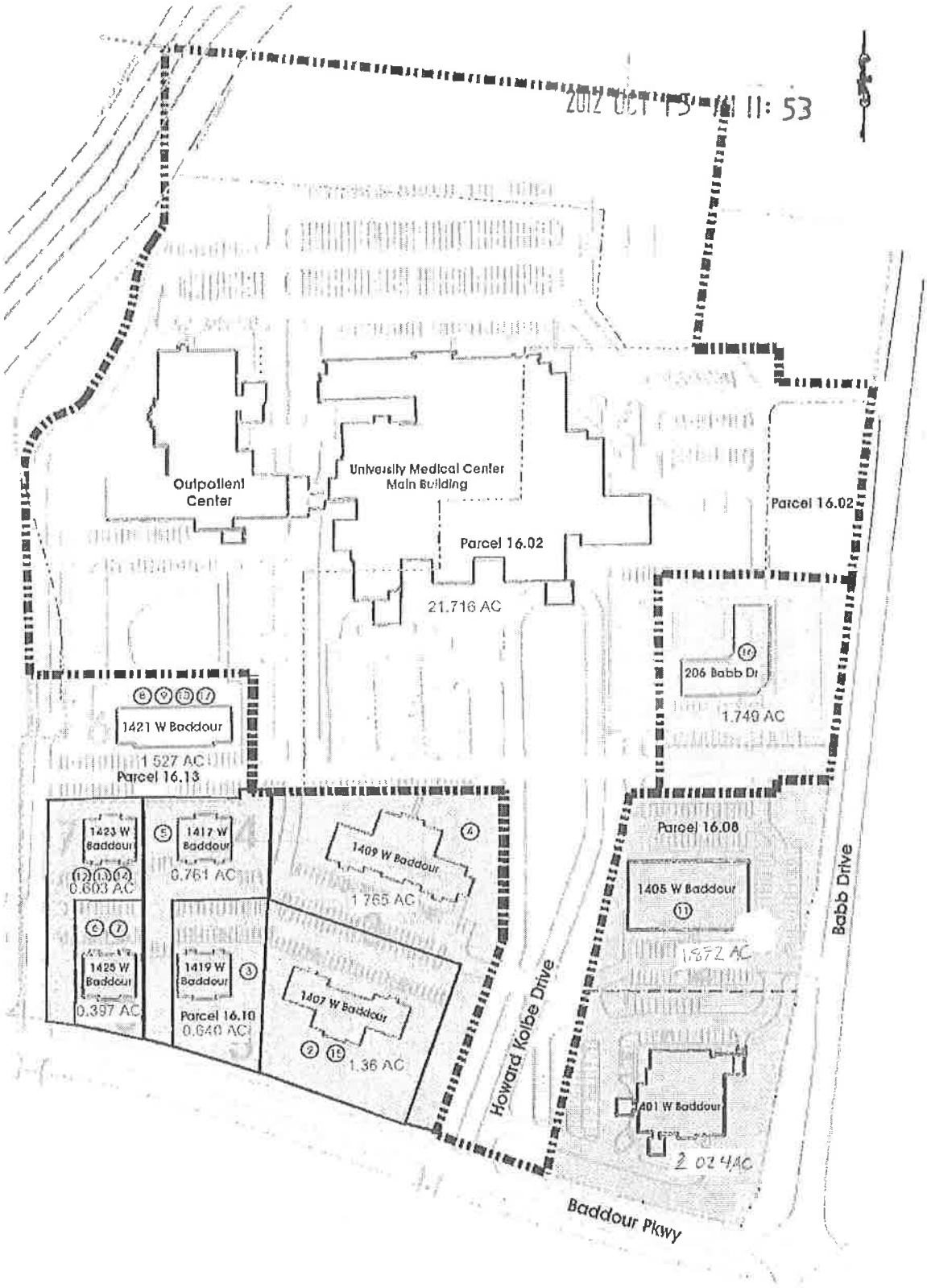
1 of 1

ARCHITECTURAL SIGNAGE

architectural identification incorporated

University Medical Center

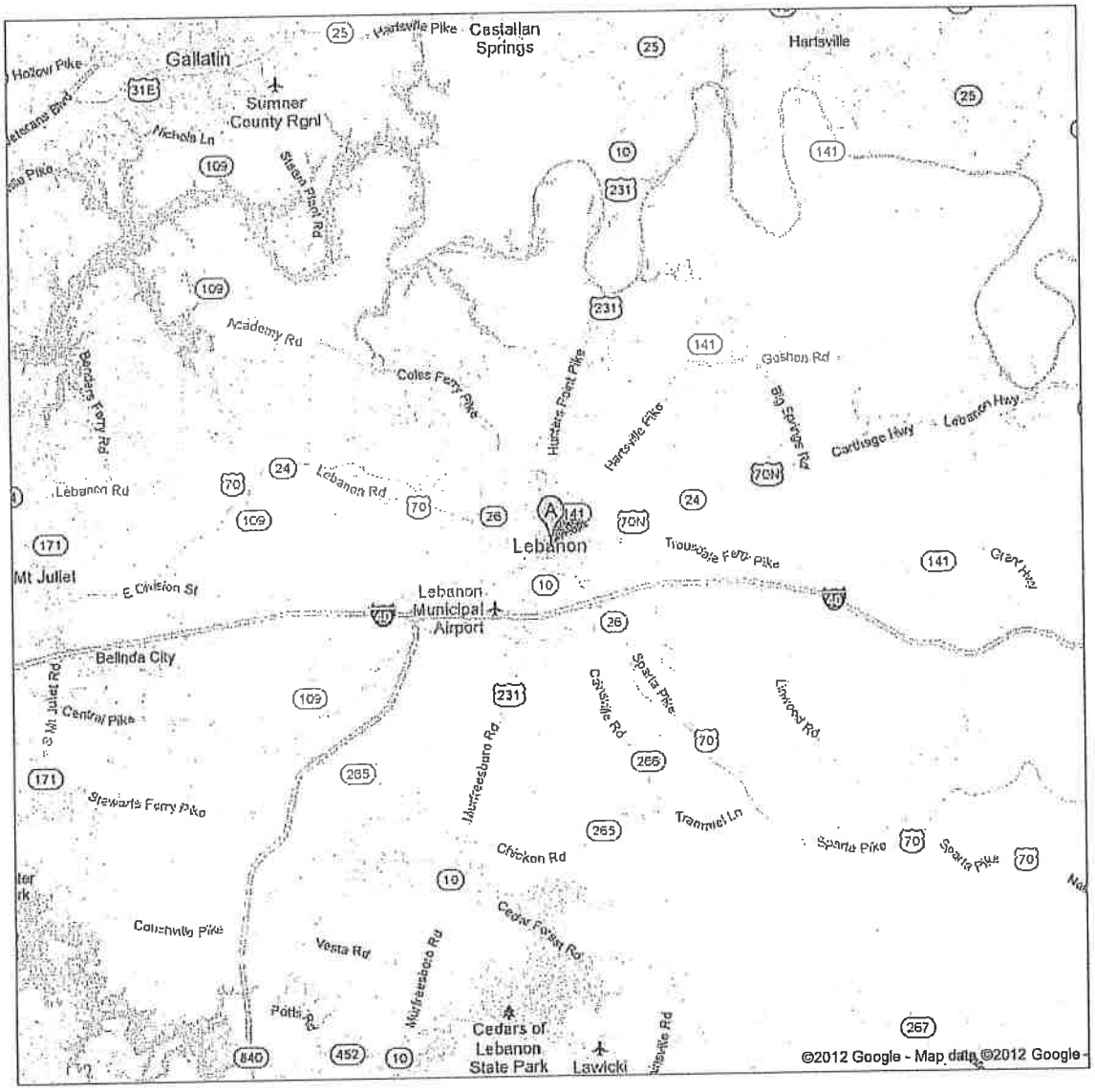
Tower Addition Site Plan



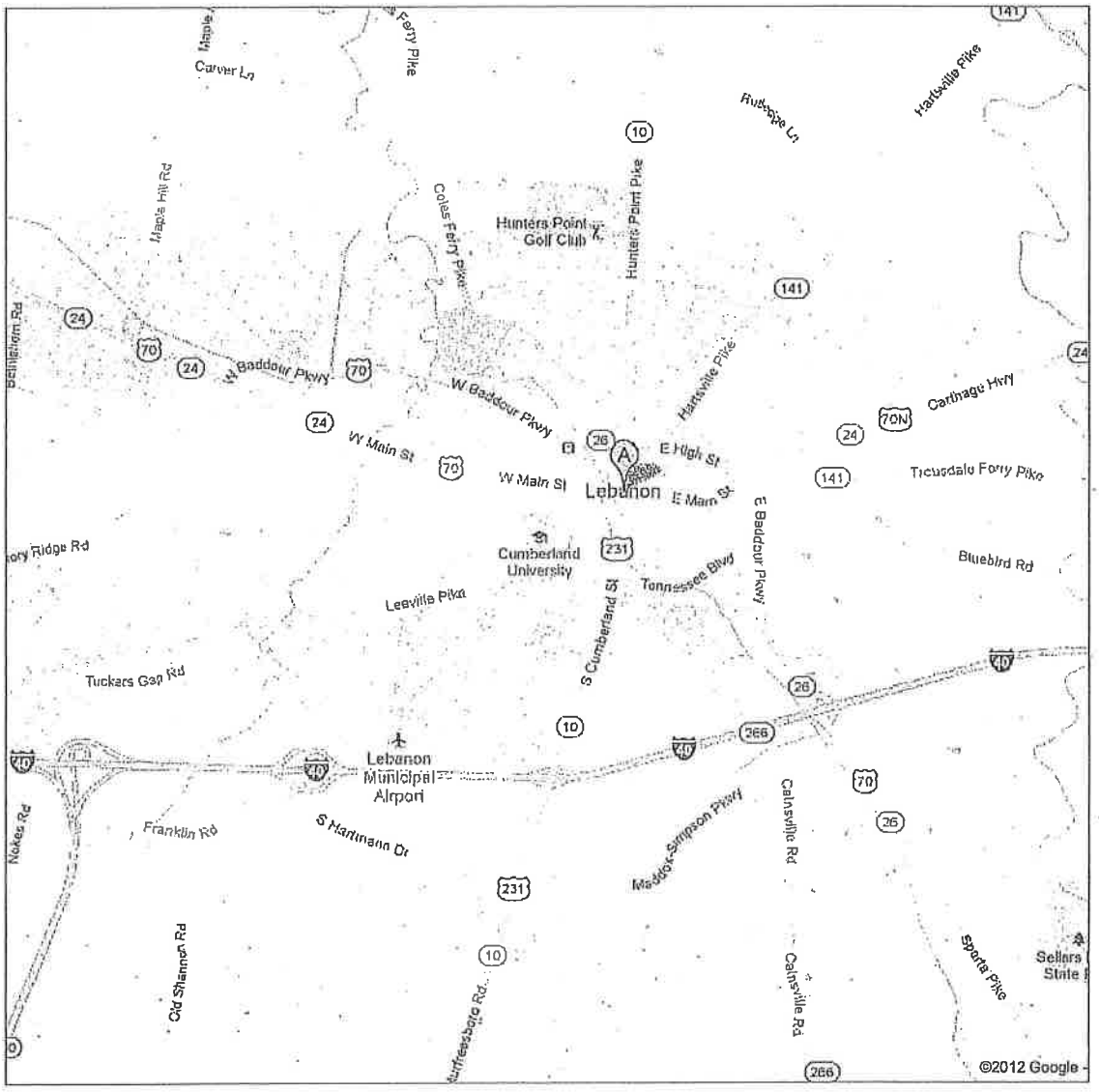
ATTACHMENT B.III.B.

Google

Address **Lebanon, TN**

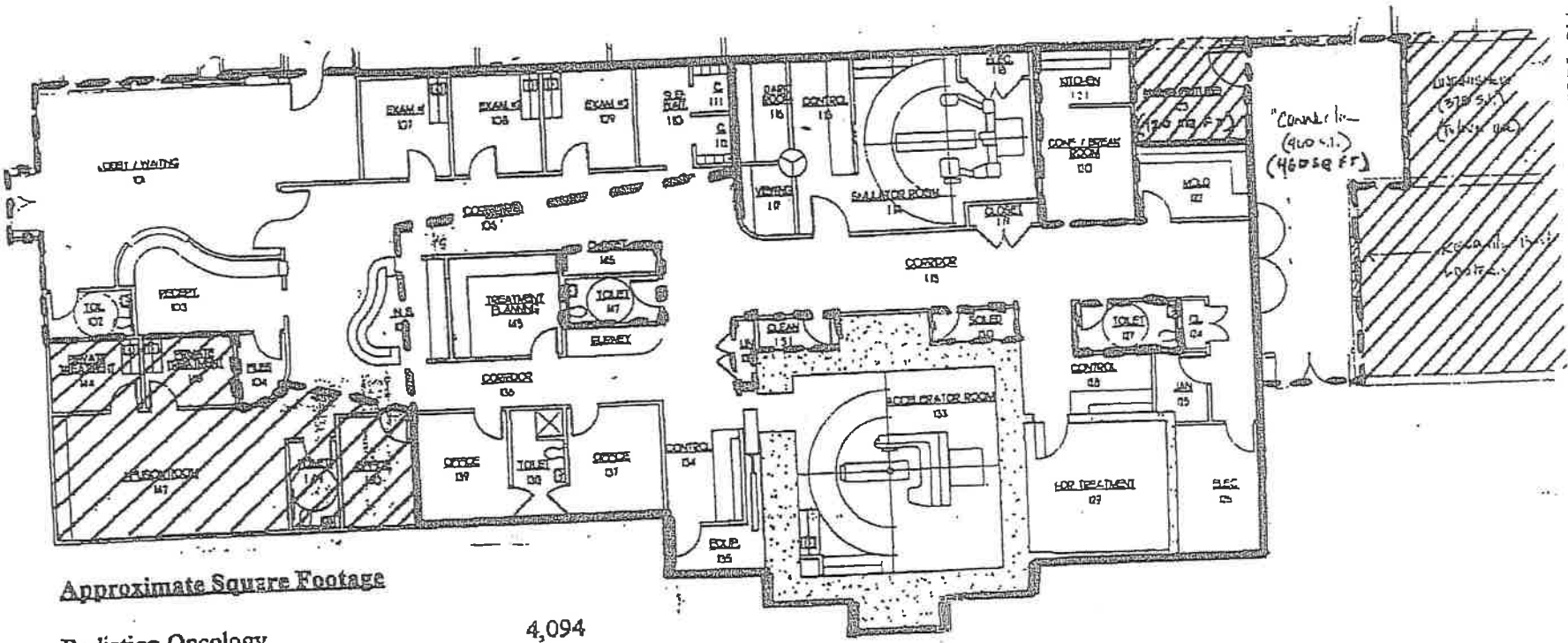


Google Address **Lebanon, TN**



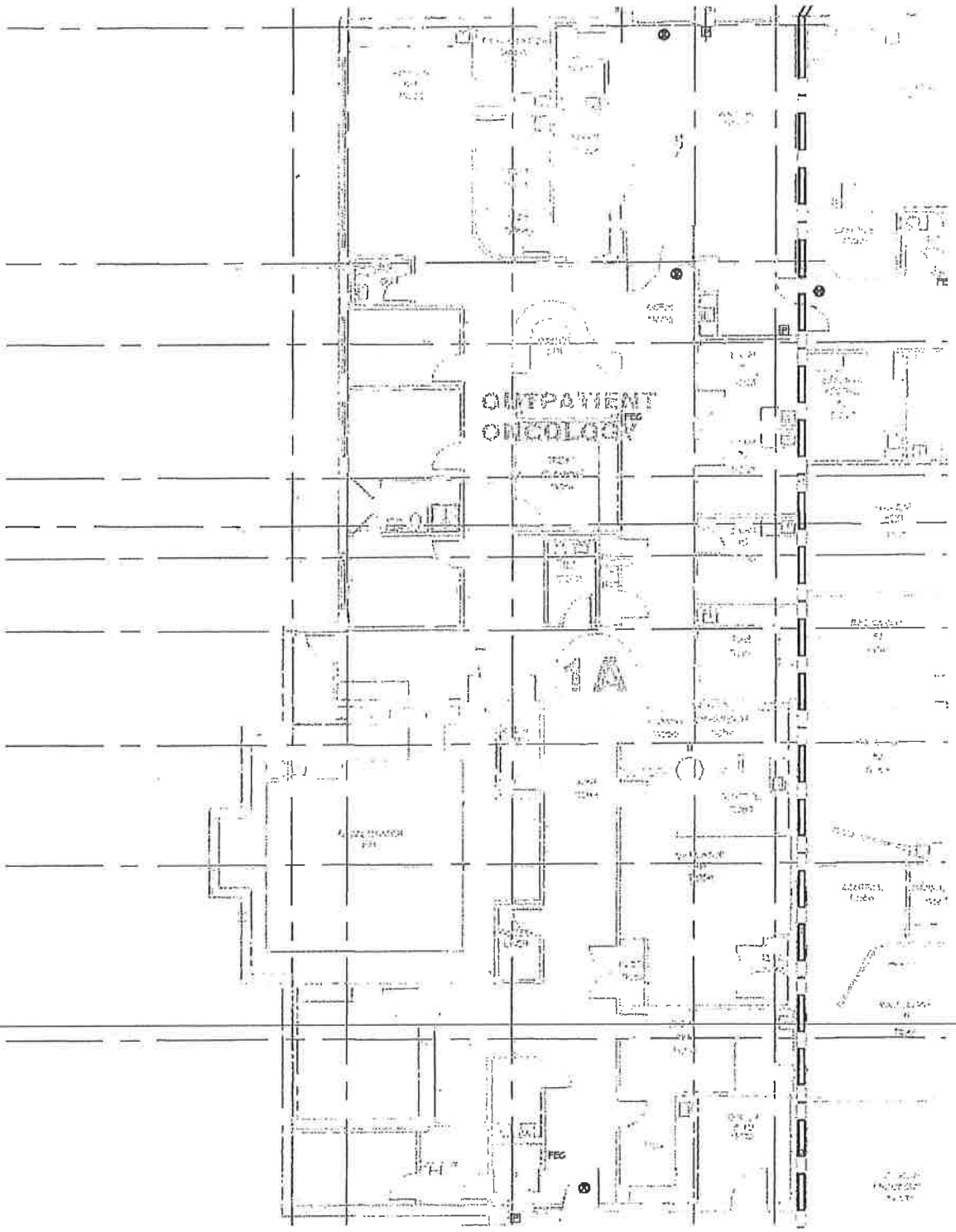
ATTACHMENT B(IV)

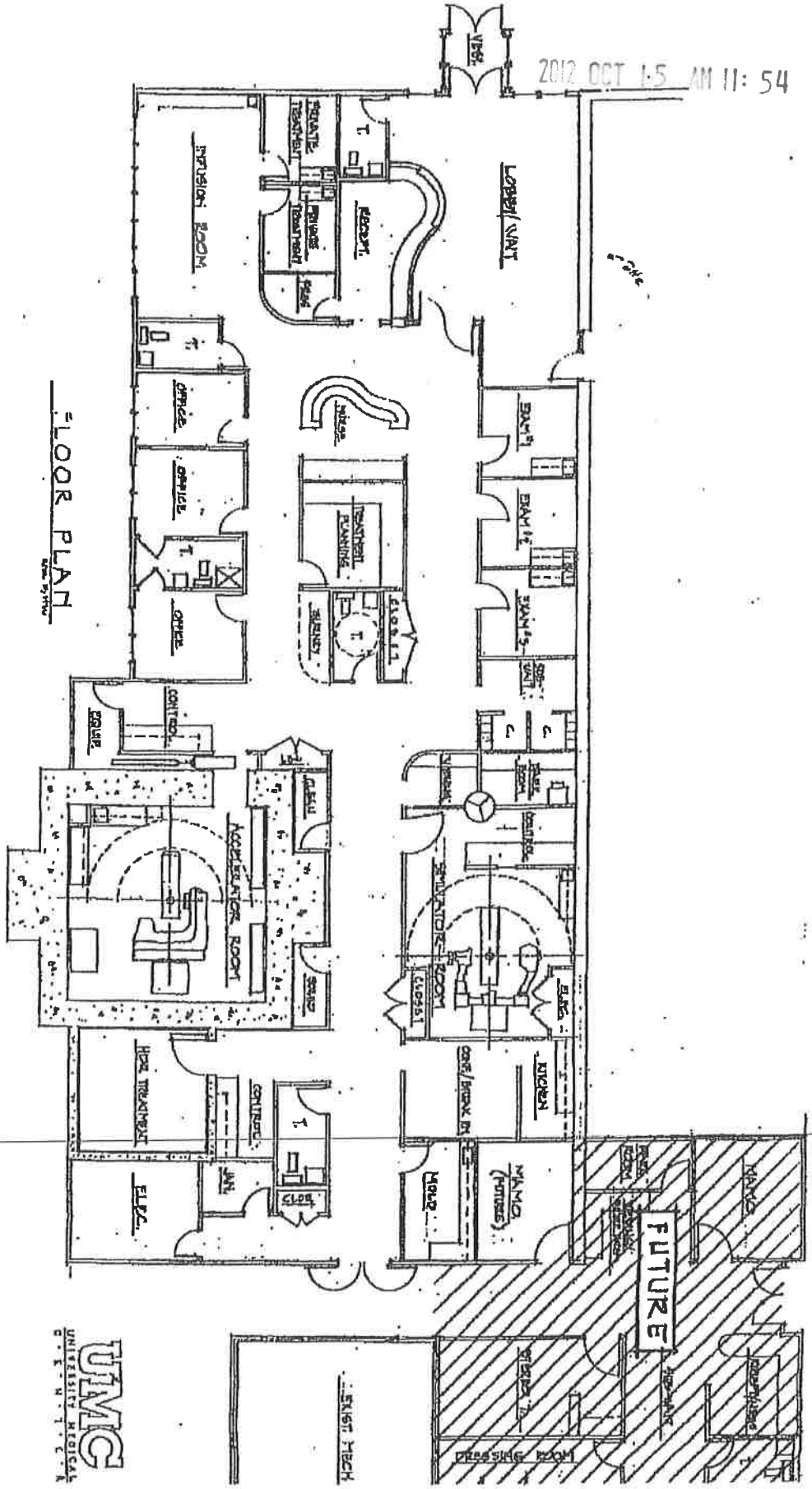
Cancer Center

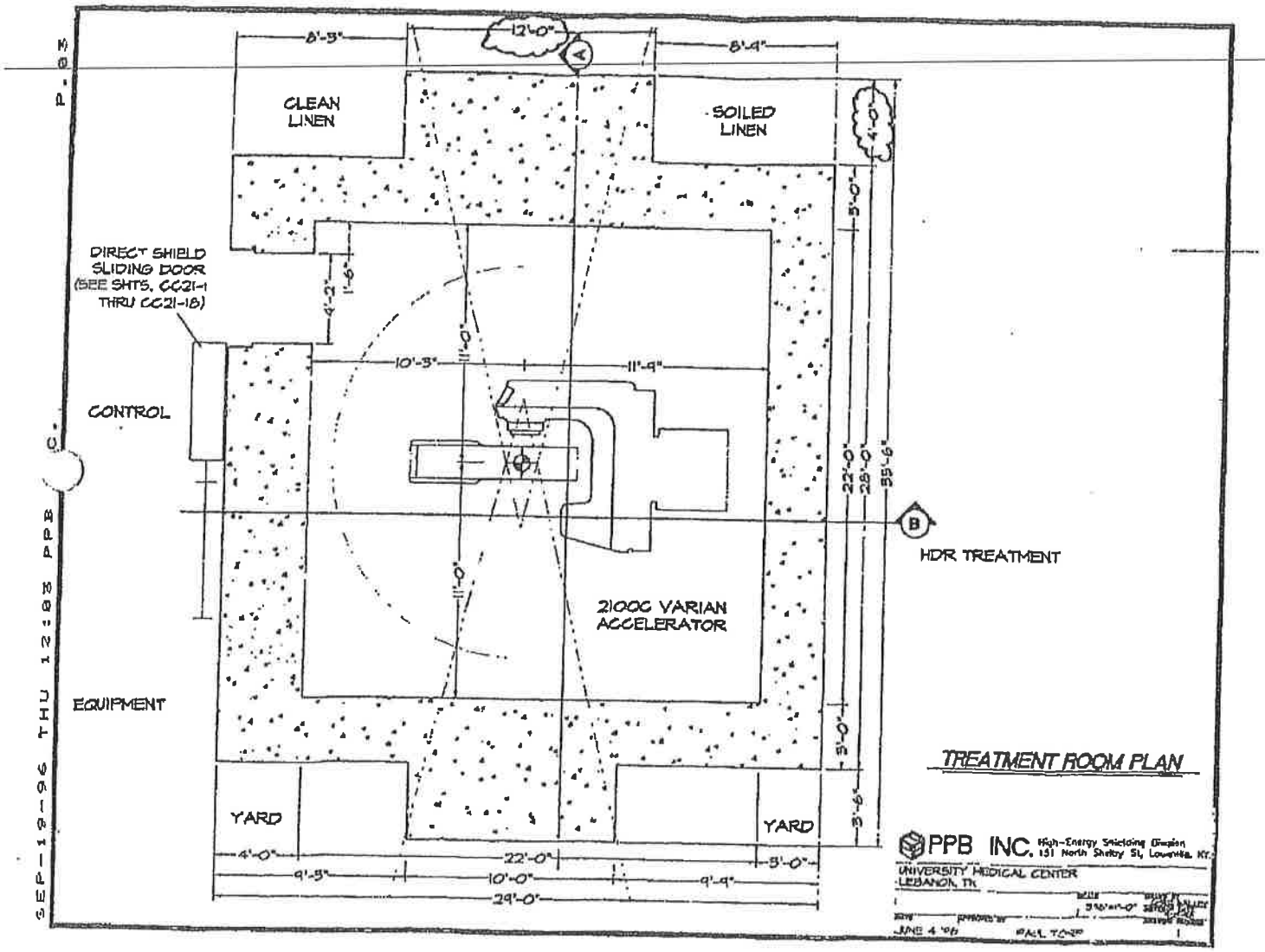


Approximate Square Footage

Radiation Oncology	4,094
Shared Areas	
Lobby, Exam, Nurse	1,710
Kitchen, Break Room	162
Bathroom, Linen, Closet	200
Hospital Connection	460
TOTAL	6,626


OUTPATIENT
ONCOLOGY
FEC
1A
FEC





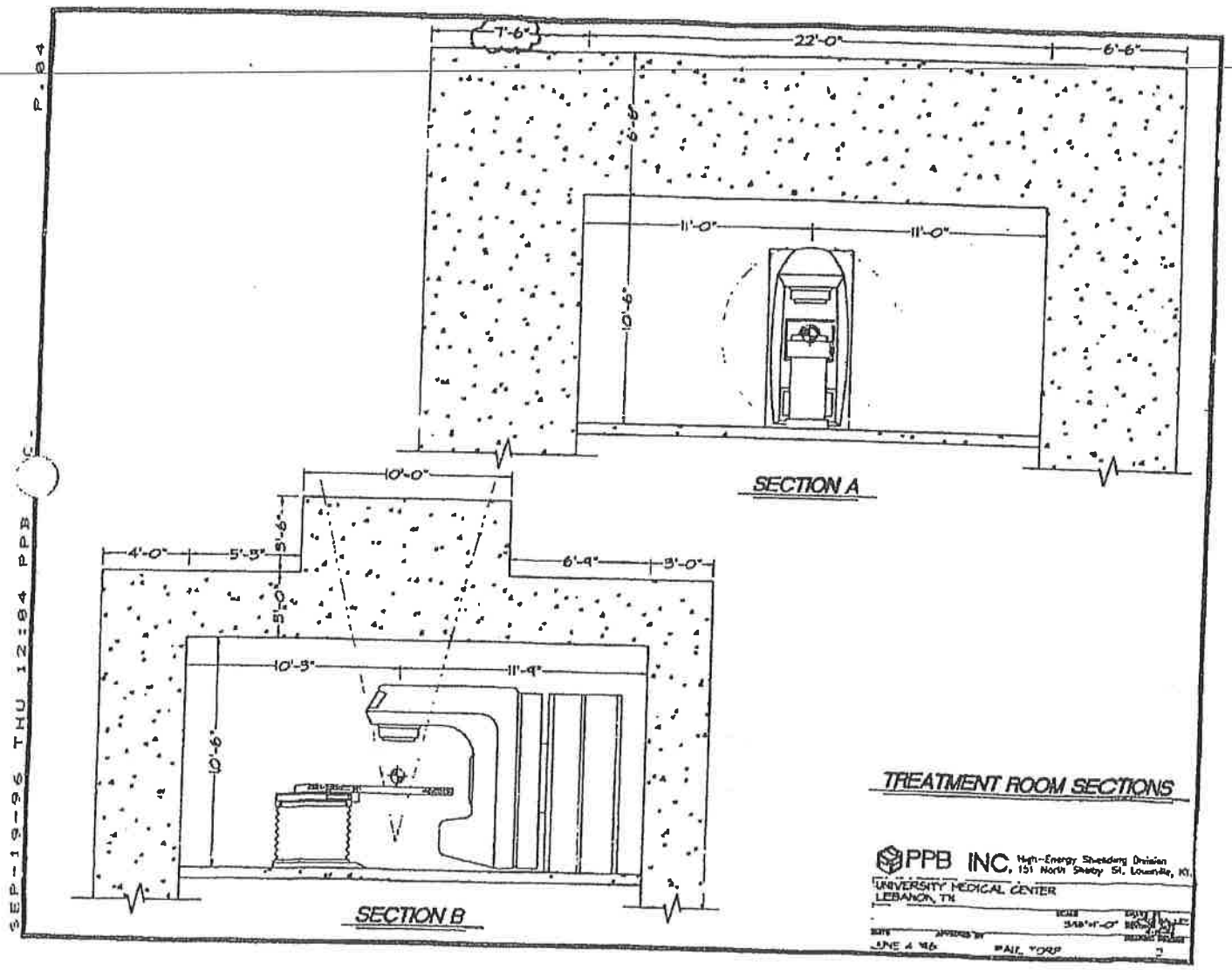
TREATMENT ROOM PLAN

PPB INC. High-Energy Stereotaxy Division
131 North Shelby St, Louisville, KY.

UNIVERSITY MEDICAL CENTER
LEBANON, TN

JUNE 4 '96

2012 OCT 15 AM 11:53



ATTACHMENT C

Need.1.b.

Population - University Medical Center Primary Service Area

	Population									
	2012	Est. 2013	Est. 2014	Est. 2015	Est. 2016	Growth	Growth %	2012 65+	Growth 65+	Growth % 65+
Dekalb	19,366	19,529	19,710	19,901	20,024	658	3.4%	2914	261	9.0%
Macon	23,208	23,452	23,706	23,975	24,183	975	4.2%	3083	331	10.7%
Smith	20,104	20,330	20,565	20,817	20,984	880	4.4%	2636	294	11.2%
Trousdale	8,287	8,359	8,443	8,547	8,611	324	3.9%	1234	162	13.1%
Wilson	114,437	116,150	117,941	119,788	121,203	6,766	5.9%	13646	2352	17.2%
Total	185,402	187,820	190,365	193,028	195,005	9,603	5.2%	23,513	3,400	14.5%

Ave. Annual Age-Adjusted Cancer Incidence Rates per 100,000 Population, 2003-2007

Dekalb	474.1
Macon	452.8
Smith	402.7
Trousdale	387.6
Wilson	419.9

2012	Estimated Cancer Cases	Est. Patients Receiving Radiation Therapy	Est. Total Rad Therapy Treatments
Dekalb	92	46	1,194
Macon	105	53	1,366
Smith	81	40	1,052
Trousdale	32	16	418
Wilson	481	240	6,247
Total	791	395	10,277

2013	Estimated Cancer Cases	Est. Patients Receiving Radiation Therapy	Est. Total Rad Therapy Treatments
Dekalb	93	46	1,204
Macon	106	53	1,380
Smith	82	41	1,064
Trousdale	32	16	421
Wilson	488	244	6,340
Total	801	400	10,410

2014	Estimated Cancer Cases	Est. Patients Receiving Radiation Therapy	Est. Total Rad Therapy Treatments
Dekalb	93	47	1,215
Macon	107	54	1,395
Smith	83	41	1,077
Trousdale	33	16	425
Wilson	495	248	6,438
Total	812	406	10,550

2015	Estimated Cancer Cases	Est. Patients Receiving Radiation Therapy	Est. Total Rad Therapy Treatments
Dekalb	94	47	1,227
Macon	109	54	1,411
Smith	84	42	1,090
Trousdale	33	17	431
Wilson	503	251	6,539
Total	823	411	10,697

2016	Estimated Cancer Cases	Est. Patients Receiving Radiation Therapy	Est. Total Rad Therapy Treatments
Dekalb	95	47	1,234
Macon	110	55	1,424
Smith	85	42	1,099
Trousdale	33	17	434
Wilson	509	254	6,616
Total	831	416	10,806

ATTACHMENT C.I.5.c.

MAURA L. CAMPBELL, MD
Board Certified Radiation Oncologist
7531 Barlow Lane
Lascassas, TN 37085
615-893-1936 (home)
615-202-6010 (cell)

PRACTICE:

09/2010-present Locums: Staff Radiation Oncologist, Brown Cancer Center University of Louisville, Campbellsville, Ky

12/2010-present Locums: Staff Radiation Oncologist, University Medical Center, Lebanon, Tn

02/2010-09/2010 Locums: Staff Radiation Oncologist, MeritCare Healthcare System, Fargo, North Dakota

11/04-01/2010 Medical Director and Radiation Oncologist, Dept of Radiation Oncology, Sarah Cannon Cancer Center at StoneCrest Medical Ctr, Smyrna, Tn. Clinical and administrative responsibility for a community based radiation therapy department. Developed and implemented radiation therapy as a new service package for the hospital and assisted in the design of the Comprehensive Cancer Center. Instrumental in obtaining ACS Accreditation for the cancer program which received across the board commendation. Also served as RSO for four years.

5/97-11/2004 Medical Director and Radiation Oncologist
Radiation Therapy Services, Middle Tennessee Medical Center, Murfreesboro, Tn.Clinical and administrative responsibility for a community based radiation therapy department (40-50 patients daily). Updated a hospital acquired private practice, developed and implemented radiation therapy as a new service package for the hospital and assisted in the design of the Comprehensive Cancer Center. Instrumental in obtaining ACS accreditation for the cancer program.

7/94-present President
Middle Tennessee Radiation Therapy Services, PC
Provided Locums coverage to practices in TN, KY, AL, IN
Until 5/97, Consultation for CON acquisition and
Radiotherapy service line development

8/92-4/94 Staff Radiation Oncologist
Fresno Community Hospital, Fresno, CA

7/91-6/92 Associate Instructor & Chief Resident
Dept. of Radiation Oncology & Biophysics
Eastern Virginia Medical School, Norfolk, VA

8/81-9/83 Research Coordinator
Dept. of Leuk/L Lymphoma St. Jude's Children Research Hospital, Memphis, TN. Execution of studies of long term CNS sequelae of acute leukemia and treatment.

POST GRADUATE TRAINING:

7/89-6/92 Resident/Chief Resident
Dept. of Radiation Oncology & Biophysics
Eastern Virginia Medical School, Norfolk, VA

7/88-6/89 Intern
Dept. of Ob/Gyn
Eastern Virginia Medical School, Norfolk, VA

EDUCATION:

Certificate in Medical Management-
Alliance of Medical Management Education, University of Texas Southwestern Medical Center, Dallas
2004-2005

MD with Honors- University of North Carolina School of Medical, Chapel Hill, NC. Published Thesis in Medical Ethics
08/86-05/88
Bowman Gray School of Medicine, Wake Forest University,
Winston-Salem, NC
8/84-7/86

C.N.M.T. -Nuclear Medicine Technology, City of Memphis Hospital, Memphis, TN
9/92-9/93

MS -Counseling
Memphis State University, Memphis, TN
9/79-8/80

BA -Academic Psychology
University of Tennessee, Knoxville, TN
6/76-12/78
American College in Paris, Paris, France
9/75-1/76

MILITARY:

Honorable Discharge (Captain, US Army Reserves) 1994

PROFESSIONAL SOCIETIES:

American Society of Therapeutic Radiology and Oncology

PROFESSIONAL BOARDS:

National Board of Medical Examiners (1989)
American Board of Radiology, Therapeutic Radiology (1996-2006: 2006-2016)
10 year certificate

STATE LICENSURE:

Tennessee #25462 Kentucky #31391

North Dakota #11461

Inactive: IN #01043524 Applications pending: Minnesota
AL #19237
CA #G74254

DEA #BC3276133

HONORS:

MEDICAL SCHOOL: Medical student Scholar, Bowman Gray School of Medicine
Honors, Junior Year, UNC school of Medicine
Honors, Senior Year, UNC School of Medicine
MD with Honors, Thesis Program, UNC School of Medicine with thesis
The Oath: An investigation of the injunction prohibiting physician patient sexual relations. Perspectives in Biology and Medicine, 32 (2) 300-308, winter 1989

GRADUATE SCHOOL: Graduated with highest honors

UNDERGRADUATE SCHOOL: Phi Beta Kappa
Sigma Xi
Gamma Beta Phi

COMMITTEES: Cancer Committee, StoneCrest Medical Center, 2005-2009

Radiation Safety Officer, StoneCrest Medical Center, June 2005 to 2009
Chairman, Linear Accelerator & Isotope Committee, May 2005 to 2009
Design Team, Sarah Cannon Cancer Center at StoneCrest, Smyrna, 2004-2005
Medical Ethics Subcommittee, MTMC, 2003-2004
Linear Accelerator and Radioisotope Committee, 1998-2004
Chair, Cancer Committee, MTMC, 1998-2002
Committee member 1998-2004
Comprehensive Cancer Center Design Team, MTMC, 1993-1998
Board member, Hospice of Murfreesboro, 1997-2004
Board member, Murfreesboro Chapter, American Cancer Society, 1997-1999
Executive Committee Member, Fresno Breast Center, Fresno, CA, 1993-1994
Committee Member, Residency Interviewing Committee, EVGSM, Norfolk, 1991-1992
Continuing, Medical Education Committee, 2000-2001

PERSONAL:

Married (1982) to Dr. Timothy Hoelscher
Three Children: Alex (1989), Malena (1992), Ryan (1997)
Member: St. Mark's UMC 2006-present
Teach Adult Christian Education
Lay Speaker, 2007 to present
Lay Leader 2011
Christian Education Teacher, All Saints' Episcopal Church, Smyrna, 1997-2005
Christian Education Teacher, Holy Cross Episcopal Church, 2006
Education for Ministry 2000
Foreign Missions Coordinator2003
United Way Board of Rutherford County 2005

Co-Owner, Stolen Moments Farm, Lascassas, TN
Cow/calf operation, Lamb/ewe, hay farming

I am an avid horse person and am involved in breeding and showing horses on a national level.

ATTACHMENT C(II).2.E.

Health Management Associates

October 12, 2012

Health Services and Development Agency
500 Deaderick Street
Suite 850 Nashville, Tennessee 37243

To Whom It May Concern :

Per the General Instructions for Filling Letter of Intent, I would like to assure you that University Medical Center is a subsidiary of Health Management Associates, Inc. Health Management Associates, Inc. operates general acute care hospitals in non-urban communities. As of June 30, we operated 70 hospitals with a total of 10,527 licensed beds.

Health Management Associates, Inc. is willing and able to financially support its subsidiaries. In addition to its strong cash flow from operations, Health Management Associates, Inc. also has a $500 million line of credit, which is unused except for approximately $50 million of standby letters of credit.

The company's financial statements are available under the Investor Relations and SEC Filings tabs at www.hma.com.

Please feel free to call me directly if you have any questions.

Sincerely,

Joseph C. Meek
Vice President & Treasurer

HMA.COM
5811 PELICAN BAY BLVD., SUITE 500, NAPLES, FL 34108
P 239.598.3131 F 239.597.5794

ATTACHMENT C(III).6.

Clinical Affiliations

University Medical Center
2012

Nursing

- Cumberland – BSN
- Dyersburg Community College - ASN
- Lipscomb University - BSN
- Middle Tennessee State University – BSN
- Tennessee State University -LPN to RN & ASN Program
- Union University – BSN (Contract in progress)
- ~~Vanderbilt University Medical Center – BSN, Advanced Practice NP & Pediatric Education~~
- Western Kentucky - BSN
- Tennessee Technology Center @ Hartsville – LPN Program & PCT Program
- Tennessee Technology Center @ Nashville – LPN Program
- Tennessee Technology Center @ Cookeville – LPN Program

PA Program

- Trevecca Nazarene College – PA Program

Pharmacy Programs

- Belmont University - DPh
- Lipscomb University - DPh
- Mercer DPh (Will be discontinuing affiliation)
- Tennessee Technology Center in Murfreesboro – Pharm. Tech (Will be discontinuing affiliation)

PT/OT

- Belmont University
- Tennessee State University

Social Work

- Middle Tennessee State University
- University of Tennessee

Other Allied Health Programs

- Food and Nutrition - Tennessee (Elizabethtown)
- Health Information Management
  - Kettering
  - Stephens College
- Volunteer State Community College
  - EMT/Paramedic
  - HIM Program
  - Respiratory Therapy
- Fortis Institute – Laboratory
- Cumberland University – Athletic Training
- Wilson County School Systems – Vocational Health Care Education

ATTACHMENT C(III).7(B).

The Joint Commission

June 8, 2011

Re: # 5219
CCN: #440193
Program: Hospital
Accreditation Expiration Date: July 08, 2014

Saad Ehtisham
CEO
University Medical Center
1411 Baddour Parkway
Lebanon, Tennessee 37087

Dear Mr. Ehtisham:

This letter confirms that your April 05, 2011 - April 07, 2011 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on June 07, 2011, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of April 08, 2011. We congratulate you on your effective resolution of these deficiencies.

§482.13 Condition of Participation: Patient's Rights
§482.24 Condition of Participation: Medical Record Services
§482.41 Condition of Participation: Physical Environment
§482.51 Condition of Participation: Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective April 08, 2011. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation also applies to the following location(s):

McFarland Campus
d/b/a University Medical Center
500 Park Avenue, Lebanon, TN, 37087

Surgery Center at UMC
1401 Baddour Pkway, Lebanon, TN, 37087

UMC Medical Plaza- Sleep Center

The Joint Commission

1616 West Main, Lebanon, TN, 37087

University Medical Center
1411 Baddour Parkway, Lebanon, TN, 37087

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

Ann Scott Blouin, RN, Ph.D.
Executive Vice President
Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services
CMS/Regional Office 4 /Survey and Certification Staff

The Joint Commission

October 6, 2011

Saad Ehtisham, BSN, MBA, HCA
CEO
University Medical Center
1411 Baddour Parkway
Lebanon, TN 37087

Joint Commission ID #: 5219
Program: Hospital Accreditation
Accreditation Activity: Measure of Success
Accreditation Activity Completed: 10/06/2011

Dear Mr. Ehtisham:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning April 08, 2011. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Ann Scott Blouin RN, PhD

Ann Scott Blouin, RN, Ph.D.
Executive Vice President
Accreditation and Certification Operations

The Joint Commission

University Medical Center
1411 Baddour Parkway
Lebanon, TN 37087

Organization Identification Number: 5219

Measure of Success Submitted: 10/5/2011

Program(s)
Hospital Accreditation

Executive Summary

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission
Summary of Compliance

Program	Standard	Level of Compliance
HAP	EC.02.01.01	Compliant

The Joint Commission

June 8, 2011

Saad Ehtisham, BSN, MBA, HCA
CEO
University Medical Center
1411 Baddour Parkway
Lebanon, TN 37087

Joint Commission ID #: 5219
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 06/08/2011

Dear Mr. Ehtisham:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning April 08, 2011. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Ann Scott Blouin RN, PhD

Ann Scott Blouin, RN, Ph.D.
Executive Vice President
Accreditation and Certification Operations

ATTACHMENT C(III).7(D).

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

July 24, 2012

Mr. Ehtisham Saad, Administrator, Fache
University Medical Center
1411 Baddour Parkway
Lebanon TN 37087

Provider Number: 44-0193

Dear Mr.Saad:

Enclosed is the Statement of Deficiencies developed as the result of the complaint investigation conducted at the University Medical Center on **July 12-20, 2012.** You are requested to submit a Plan of Correction by **August 03, 2012** with acceptable time frames for correction of the cited deficiencies. Corrective action must be achieved prior to **September 03, 2012.** Please notify this office when these deficiencies are corrected.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

Please submit the Plan of Correction (POC), by **August 03, 2012**:

Office of Health Licensure and Regulation
Lakeshore Park, Bldg. One
5904 Lyons View Pike
Knoxville, TN 37919

Your POC must contain the following:

- What corrective action(s) will be accomplished for those residents/patients found to have been affected by the deficient practice.
- How you will identify other residents/patients having the potential to be affected by the same deficient practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,

- How the corrective action(s) will be monitored and the person(s) responsible for monitoring to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

Please put your Plan of Correction on the Statement of Deficiencies form in the "Provider's Plan of Correction" column. In the "Completion Date" column of the form, list the date corrective actions have been or will be completed. Please make sure the administrator's signature and date are on the bottom line of the Statement of Deficiencies/Plan of Correction State Form.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If you have any questions, please contact this office at (865) 588-5656 or by facsimile at (865) 594-5739.

Sincerely,

Karen B. Kirby /mad

Karen B. Kirby, RN
Regional Administrator
East TN Health Care Facilities

KK: kg

Enclosure: CMS-2567

TN00029198

PRINTED: 07/21/2012
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440193	A. BUILDING _____ B. WING _____	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 449	482.24(c) CONTENT OF RECORD The medical record must contain information to justify admission and continued hospitalization, support the diagnosis, and describe the patient's progress and response to medications and services. This STANDARD is not met as evidenced by: Based on medical record review and interview, the facility failed to ensure a complete medical record of solid and fluid intake for one patient (#1) of six records reviewed. The findings included: Patient #1 presented to the Emergency Department (ED), via ambulance, on February 28, 2011, at 1:26 p.m., with complaint's of Shortness of Breath and a history of Asthma and Chronic Obstructive Pulmonary Disease (COPD) requiring oxygen (O2) around the clock. The patient was alert and oriented; had an increased heart rate of 119 (normal range 70 - 80); breathing was moderately labored with decreased breath sounds in the upper right, middle right and left and lower left lobes; wheezes in the upper right lobe; and an (blood) oxygen saturation of 98% (normal range (95% - 100%). The patient was seen by the physician for a history and physical, which revealed the patient complained of worsening shortness of breath over the past week, feeling weak, loss of appetite, and weight loss. The physical exam conducted by the physician revealed the patient was alert and oriented, well nourished, in no acute distress, well hydrated, mildly labored respirations, and moving very little air with prolonged expiratory phase with soft wheezes noted. An INT (Intermittent Needle	A 449		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 07/21/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440193	A. BUILDING _____ B. WING _____	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 449	Continued From page 1 Therapy is when an intravenous (IV) catheter is inserted and capped off to be used at a later time for intravenous medication administration) was initiated at 1:35 p.m., and IV antibiotic and steroid medications were initiated along with nebulizer treatments (breathing treatment). The patient was admitted to the hospital on the cardiac monitoring unit with COPD with Acute Exacerbation and Bronchitis. The Nursing admission notation documented the patient as alert and oriented. Review revealed the physician gave a verbal order to continue all home medications as reported by the patient to the admitting nurse, and after review, the physician signed the verbal order 18 hours later. Review of the Physician's Order, dated March 2, 2011, revealed Megace (appetite stimulant) 400 mg po daily, and 1 can (240 ml) of Ensure (liquid supplemental feeding solution) with meals was ordered. Review of the History and Physical, dated as transcribed March 1, 2011, at 3:50 p.m., and dictated March 1, 2011, at 5:46 p.m., revealed the patient was admitted with COPD disease Exacerbation, Acute Tracheobronchitis, and Metabolic Acidosis (acidosis is a condition in which a build-up of carbon dioxide in the blood produces a shift in the body's pH balance and causes the body's system to become more acidic and can be caused by diseases or conditions that affect the lungs such as emphysema and chronic bronchitis). Ordered labs revealed a blood culture, which showed no growth for five consecutive days, and blood C02 (carbon dioxide) level on March 2,	A 449		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 07/21/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440193	A. BUILDING _____ B. WING _____	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 449	Continued From page 2	A 449		

2011 was noted high at 39 (range 21 -32 millimoles per liter) compared to a C02 high of 44 obtained in the ED lab studies. No additional studies were conducted on the patient's white blood count beyond the ED lab work. Other labs ordered were within normal limits or of no significant abnormal value.

Review of the Physician's Progress Notes, Nursing Notes, and Nursing Flow Sheets throughout the patients hospital stay revealed the patient remained alert, oriented, and able to make needs known throughout the hospital stay when the patient was discharged on March 3, 2011.

Review of the Medication Administration Records and Nursing Flow Sheets revealed the following food and fluid intake record: February 28 - 620 ml (milliliters) oral fluids, 270 ml IV fluids, and no meal intake recorded ; March 1 - 740 oral fluids, 250 ml IV fluids, bites of breakfast, 20% of lunch, and 25% of dinner; March 2 - 1087 ml oral fluids, 300 ml IV fluids, 100% of breakfast, 75% of lunch, no dinner intake recorded, 240 ml of Ensure; March 3 - 250 ml oral fluids, 300 ml IV fluids, no breakfast, lunch or dinner recorded, 720 ml Ensure; and March 4 - no oral intake recorded, 250 ml IV, no meal intake recorded, 240 ml Ensure.

Interview in the conference room with the Chief Nursing Officer and Risk Manager on July 12, 2012, at 3:40 p.m., confirmed the lack of any meal intake would be recorded as 0%; all intake was to be recorded; and confirmed the medical record was incomplete related to required documented information on the patient's intake of meals and fluids for February 28, March 3, and

PRINTED: 07/21/2012
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440193	A. BUILDING 2012 OCT 15 AM 11:54 B. WING	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 449	Continued From page 3 March 4, 2011.	A 449		

PRINTED: 07/21/2012
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP531137	A. BUILDING _____ B. WING _____	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 002	1200-8-1 No Deficiencies This Rule is not met as evidenced by: During the investigation of complaint #29198, conducted at University Memorial Hospital on July 12, 2012, no deficient practices were cited under Chapter 1200-8-1, Standards for Hospitals.	H 002		

University
Medical Center
Where Compassion and Healing Come Together

August 1, 2012

Karen B. Kirby, RN
Regional Administrator
East TN Health Care Facilities
Lakeshore Park, Bldg. One
5904 Lyons View Pike
Knoxville, TN 37919

RE: Plan of Correction ID # 440193 Complaint # 29198

Dear Mrs. Kirby:

On behalf of University Medical Center, please accept our enclosed Plan of Correction created to address the deficiencies found in our Complaint Survey on July 12-20, 2012.

This Plan represents the review of processes and implementations for positive change as a result of the findings of the above referenced survey.

As you review the enclosed Plan and supporting documents, please do not hesitate to contact me should you have any questions.

Sincerely,

Saad Ehtisham
Chief Executive Officer

enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440193	A. BUILDING _____ B. WING _____	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 449	482.24(c) CONTENT OF RECORD The medical record must contain information to justify admission and continued hospitalization, support the diagnosis, and describe the patient's progress and response to medications and services. This STANDARD is not met as evidenced by: Based on medical record review and interview, the facility failed to ensure a complete medical record of solid and fluid intake for one patient (#1) of six records reviewed. The findings included: Patient #1 presented to the Emergency Department (ED), via ambulance, on February 28, 2011, at 1:26 p.m., with complaint's of Shortness of Breath and a history of Asthma and Chronic Obstructive Pulmonary Disease (COPD) requiring oxygen (O2) around the clock. The patient was alert and oriented; had an increased heart rate of 119 (normal range 70 - 80); breathing was moderately labored with decreased breath sounds in the upper right, middle right and left and lower left lobes; wheezes in the upper right lobe; and an (blood) oxygen saturation of 98% (normal range (95% - 100%). The patient was seen by the physician for a history and physical, which revealed the patient complained of worsening shortness of breath over the past week, feeling weak, loss of appetite, and weight loss. The physical exam conducted by the physician revealed the patient was alert and oriented, well nourished, in no acute distress, well hydrated, mildly labored respirations, and moving very little air with prolonged expiratory phase with soft wheezes noted. An INT (Intermittent Needle	A 449	A449 Facility failed to ensure a complete medical record of solid and fluid intake for one patient of six records. It is the policy of University Medical Center for nursing staff to document food and fluid intake every shift on the intake and output flow sheet (Graphic). Staff failed to document the intake of meals and fluids for Feb. 28. March 3, and 4, 2012.	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE CEO | (X6) DATE 8.1.12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	440193	A. BUILDING _____ B. WING _____	C 07/20/2012

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
UNIVERSITY MEDICAL CENTER	1411 BADDOUR PARKWAY LEBANON, TN 37087

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
A 449	Continued From page 1 Therapy is when an intravenous (IV) catheter is inserted and capped off to be used at a later time for intravenous medication administration) was initiated at 1:35 p.m., and IV antibiotic and steroid medications were initiated along with nebulizer treatments (breathing treatment). The patient was admitted to the hospital on the cardiac monitoring unit with COPD with Acute Exacerbation and Bronchitis. The Nursing admission notation documented the patient as alert and oriented. Review revealed the physician gave a verbal order to continue all home medications as reported by the patient to the admitting nurse, and after review, the physician signed the verbal order 18 hours later. Review of the Physician's Order, dated March 2, 2011, revealed Megace (appetite stimulant) 400 mg po daily, and 1 can (240 ml) of Ensure (liquid supplemental feeding solution) with meals was ordered. Review of the History and Physical, dated as transcribed March 1, 2011, at 3:50 p.m., and dictated March 1, 2011, at 5:46 p.m., revealed the patient was admitted with COPD disease Exacerbation, Acute Tracheobronchitis, and Metabolic Acidosis (acidosis is a condition in which a build-up of carbon dioxide in the blood produces a shift in the body's pH balance and causes the body's system to become more acidic and can be caused by diseases or conditions that affect the lungs such as emphysema and chronic bronchitis). Ordered labs revealed a blood culture, which showed no growth for five consecutive days, and blood C02 (carbon dioxide) level on March 2,	A 449	**PLAN OF CORRECTION:** Nursing staff shall be educated on the requirement to document food and fluid intake on the graphic flow sheet every shift beginning August 3, 2012. Education shall be completed on Medical and Surgical Units and PCU by August 31, 2012 (See attached policy) Clinical Directors shall monitor compliance with food and fluid documentation on the graphic flow sheet monthly on the three units above. Thirty charts shall be reviewed for 90 days or until consistent compliance is reached. Staff found non-compliant shall be counseled by the unit Director for lack of documentation utilizing the Human Resource Corrective Action form.	August 31, 2012 August 31, 2012 Ongoing

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 449	Continued From page 2 2011 was noted high at 39 (range 21 -32 millimoles per liter) compared to a C02 high of 44 obtained in the ED lab studies. No additional studies were conducted on the patient's white blood count beyond the ED lab work. Other labs ordered were within normal limits or of no significant abnormal value. Review of the Physician's Progress Notes, Nursing Notes, and Nursing Flow Sheets throughout the patients hospital stay revealed the patient remained alert, oriented, and able to make needs known throughout the hospital stay when the patient was discharged on March 3, 2011. Review of the Medication Administration Records and Nursing Flow Sheets revealed the following food and fluid intake record: February 28 - 620 ml (milliliters) oral fluids, 270 ml IV fluids, and no meal intake recorded ; March 1 - 740 oral fluids, 250 ml IV fluids, bites of breakfast, 20% of lunch, and 25% of dinner; March 2 - 1087 ml oral fluids, 300 ml IV fluids, 100% of breakfast, 75% of lunch, no dinner intake recorded, 240 ml of Ensure; March 3 - 250 ml oral fluids, 300 ml IV fluids, no breakfast, lunch or dinner recorded, 720 ml Ensure; and March 4 - no oral intake recorded, 250 ml IV, no meal intake recorded, 240 ml Ensure. Interview in the conference room with the Chief Nursing Officer and Risk Manager on July 12, 2012, at 3:40 p.m., confirmed the lack of any meal intake would be recorded as 0%; all intake was to be recorded; and confirmed the medical record was incomplete related to required documented information on the patient's intake of meals and fluids for February 28, March 3, and	A 449	Monitoring shall be reported monthly to the Performance Improvement Committee with recommendations and actions to the Medical Executive Committee	August 31, 2012

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 449	Continued From page 3 March 4, 2011.	A 449		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	TNP531137	A. BUILDING _____ B. WING _____	C 07/20/2012

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H 002	1200-8-1 No Deficiencies	H 002		

This Rule is not met as evidenced by:
During the investigation of complaint #29198, conducted at University Memorial Hospital on July 12, 2012, no deficient practices were cited under Chapter 1200-8-1, Standards for Hospitals.

Division of Health Care Facilities

TITLE

(X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

University Medical Center

The care you need from the people you know

2012 OCT 15 AM 11:54

June 7, 2012

Karen Kirby, RN
Regional Administrator
East Tennessee Health Care Facilities
5904 Lyons View Pike, Bldg. 1
Knoxville, Tennessee 37919

RE: Plan of Correction ID # 44-1093

Dear Ms. Kirby:

On behalf of University Medical Center, please accept our enclosed Plan of Correction created to address the deficiencies found during our complaint investigation on May 22-24, 2012.

This Plan represents the review of processes and implementation for positive change as a result of the findings of the above referenced survey.

As you review the enclosed Plan and supporting documents, please do not hesitate to contact me should you have any questions.

Sincerely,

Saad Ehtisham
Chief Executive Officer

enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 395	482.23(b)(3) RN SUPERVISION OF NURSING CARE A registered nurse must supervise and evaluate the nursing care for each patient. This STANDARD is not met as evidenced by: Based on medical record review, observation, and interview, the facility nursing staff failed to ensure clarification for orders for medications for 3 patients (#3, #4, and #5) of five medical records reviewed; and failed to ensure medications for the management of pain were administered as requested for one patient (#5) of five medical records reviewed. The findings included: Patient #3 was admitted to the facility on March 27, 2012, with diagnoses to include Acute Renal Insufficiency, Urinary Tract Infection, Atrial Fibrillation, and Chronic Right Foot Pain secondary to Fasciitis. Medical record review of the Physician's orders revealed the following: March 27, 2012, at 8:06 p.m. - Percocet (narcotic pain medication) 10/325 mg (10 milligrams oxycodone/325 milligrams acetaminophen) po (by mouth) tid (three times daily) PRN (as needed) for pain and Xanax (controlled medication for anxiety) 2 mg po bid (twice daily) PRN anxiety; and March 27, 2012, at 9:00 p.m. - Morphine (narcotic pain medication) 2 mg IV (intravenous) every 4 hours a PRN. Medical record review of the Medication Administration Record (MAR) revealed the patient received the following PRN medications:, March	A 395	A395 Facility nursing staff failed to ensure clarification for orders for medications for 3 patients of five medical records reviewed; and failed to ensure medications for the management of pain were administered as requested for one patient of five medical records reviewed. Facility nursing staff failed to follow hospital policy and procedures related to medication range orders, medication administration times, and pain management. **Plan of Correction** Medical and Surgical Nursing staff (RN and LPN) will be	June 30, 12

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE: DED — (X6) DATE: 6/8/12

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 395	Continued From page 1 27, 2012, at 9:22 p.m. the patient received Morphine 2 mg IV and Xanax 2 mg po; March 28, 2012, at 9:01 a.m., 2:48 p.m., and 9:21 p.m. the patient received Percocet 10/325 mg po, and Xanax 2 mg po at 9:25 a.m. and 9:28 p.m.; and March 29, 2012, at 10:05 a.m. and 4:58 p.m., the patient received Percocet 10/325 mg po. Patient #4 was admitted to the facility on March 23, 2012, with diagnoses to include Abdominal Distention with Intractable Vomiting, Possible Obstruction, Anxiety with Panic Attacks, and Small Pleural Effusion. Medical record review of the Physician's orders revealed the following: March 23, 2012, at 3:30 p.m. - Zofran (medication for nausea) 4 -8 mg IV every 6 hours PRN, and Phenergan (medication for nausea) 12.5 mg IV every 6 hours PRN; March 23, 2012, at 6:30 p.m. - Minimize narcotics as much as possible; March 23, 2012, at 11:25 p.m. - D/C (discontinue) Phenergan 12.5 mg IV PRN, Phenergan 6.25 mg IV every 4 hours PRN; March 24, 2012, at 10:40 a.m. - Dilaudid (narcotic pain medication) 0.5 mg and Phenergan 6.25 mg IV every 4 hours PRN; and March 25, 2012, at 5:00 p.m. - Zofran 4 mg sublingual every 8 hours PRN. Medical record review of the MAR revealed the patient received the following medications: March 24, 2012 -Phenergan 12.5 mg IV at 11:02 p.m.; March 24, 2012 - Dilaudid 0.5 mg IV at 3:22 p.m.; March 25, 2012 - Dilaudid 0.5 mg IV at 12:30 a.m., Phenergan 6.5 mg IV at 7:46 p.m., Zofran 4 mg IV and Dilaudid 0.5 mg IV at 9:59 p.m.; and March 26, 2012 - Zofran 4 mg IV.	A 395	re-educated by education departmental staff and or nursing directors or designee on each unit including PCU, One North, Two North, ICU and OB on the policies and procedures: Range Orders, Medication Administration Times, and Pain Management. Along with policy and procedure review (read and sign) a Power Point presentation shall be presented explaining the processes related to these policies and procedures as well as examples of when to clarify medication orders and therapeutic duplication orders. (See attached training) Therapeutic Duplication orders such as Phenergan and Zofran or Percocet and Morphine in the reviewed medical records shall be clarified by the nurse or the pharmacist	June 30, 12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 395	Continued From page 2 Patient #5 was admitted to the facility on May 16, 2012, with diagnoses to include Polynephritis and Intractable Vomiting. Medical record review of the Physician's orders revealed the following: May 16, 2012, at 8:00 p.m. - Dilaudid 1-2 mg IV every 4 hours PRN pain, and Phenergan 12.5 mg IV every 6 hours PRN nausea and vomiting; May 18, 2012, at 11:00 p.m. -Zofran 4 mg IV every 6 hours PRN nausea; May 21, 2012, at 9:00 p.m. - Methadone (controlled pain medication) 5 mg po (by mouth) tid (routinely); and May 22, 2012, at 6:30 a.m. - Methadone 5 mg po every 6 hours PRN pain. Medical record review of the MAR revealed the patient received the following medications: May 18, 2012 -Dilaudid 2 mg IV at 9:18 a.m., 1:35 p.m., 5:53 p.m., and 9:53 p.m., and Zofran 4 mg IV at 10:05 p.m.; May 19, 2012 - Dilaudid 2 mg IV at 1:57 a.m., 6:06 a.m., 2:52 p.m., 6:34 p.m., and 10:36 p.m., and Zofran 4 mg IV at 10:36 p.m.; May 20, 2012 - Dilaudid2 mg IV at 4:29 a.m., 8:42 a.m., 1:01 p.m., 5:07 p.m., 9:22 p.m., and Zofran 4 mg IV at 9:22 p.m.; and May 21, 2012 - Phenergan 12.5 mg IV at 1:24 a.m., Dilaudid 2 mg IV at 10:10 a.m., 2:12 p.m., and 6:54 p.m., and Methadone 5 mg po at 9:00 p.m. (routine order). Interview at the 200 hall nursing station with the Unit Manager and the Registered Nurse in Charge on May 22, 2012, at 10:45 a.m., confirmed the nurses were to use the lowest dose and longest time between medication administrations when available; the lowest dose and longest time between doses was not utilized when two doses and time frames were available;	A 395	or orders shall be written clearly by the physician to communicate which medication is needed at which time and frequency and the nurse shall clearly document reasons for use. **Plan of Correction:** Hospital developed new policy Therapeutic Duplication medication orders defining the management of PRN medication management for the same indication. Performance Improvement Committee to approve June 27, 2012. Pharmacy and Therapeutics review by June 30, 2012. Medical Executive Committee approval July 5, 2012 (See attached policy) Range orders as in the medical record review #5 Dilaudid 1-2 mg IV every 4 hours shall be administered via the	July 7, 12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 395	Continued From page 3 there was no documentation present to indicate rational for using the higher dose and closest time frame of two doses available; and the physician had not been notified to obtain clarification when two PRN medications of the same classification were available. Interview with the Chief Executive Officer (CEO) in the conference room on May 22, 2012, at 4:00 p.m., confirmed the nurses were to use the lowest dose and longest time between medication administrations when available; the lowest dose and longest time between doses was not utilized when two doses and time frames were available; there was no documentation present to indicate rational for using the higher dose and closest time frame of two doses available; and the physician had not been notified to obtain clarification when two PRN medications of the same classification were available. Patient #5 was admitted to the facility on May 16, 2012, with diagnoses to include Polynephritis, and Intractable Vomiting. Medical record review of the Physician's orders revealed the following: May 16, 2012, at 8:00 p.m. - Dilaudid 1-2 mg IV every 4 hours PRN pain. Continued review revealed May 21, 2012, at 9:00 p.m. - Methadone (controlled pain medication) 5 mg po (by mouth) tid (routinely); and May 22, 2012, at 6:30 a.m. - Methadone 5 mg po every 6 hours PRN pain. Medical record review of the MAR revealed the patient received the following medications: May 18, 2012 -Dilaudid 2 mg IV at 9:18 a.m., 1:35 p.m., 5:53 p.m., and 9:53 p.m.; May 19, 2012 -	A 395	lowest dose for mild pain and highest dose for severe pain as described in the Range order policy. **Plan of Correction** Nursing staff shall be re-educated on Range Order policy as above by June 30, 2012 (See attached policy). Patient #5 review facility nursing staff failed to administer pain medication as prescribed and requested **Plan of Correction:** Nurse Director educated nursing staff member related to pain management and implementing new orders.	June 30, 12 June 30, 12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A 395	Continued From page 4 Dilaudid 2 mg IV at 1:57 a.m., 6:06 a.m., 2:52 p.m., 6:34 p.m., and 10:36 p.m.; May 20, 2012 - Dilaudid2 mg IV at 4:29 a.m., 8:42 a.m., 1:01 p.m., 5:07 p.m., 9:22 p.m.; and May 21, 2012 - Dilaudid 2 mg IV at 10:10 a.m., 2:12 p.m., and 6:54 p.m., and Methadone 5 mg po at 9:00 p.m. (routine order). Observation and interview on May 22, 2012, at 10:50 a.m., with patient #5, in the room of patient #5, revealed the patient reported being in pain, requesting pain medications, and not receiving pain medications as requested over the past 10 hours. MAR review revealed the patient's last dose of pain medication was administered on May 21, 2012, at 9:00 p.m., almost 15 hours since last dose of medication for pain. Interview at the 200 hall nursing station with the Unit Manager and the Registered Nurse in Charge on May 22, 2012, at 10:55 a.m., confirmed the physician had been notified of the patient's complaints of pain and on May 22, 2012, at 6:00 a.m., ordered the patient's pain medication to be given every 6 hours as needed. Continued interview confirmed the medication was to be given at 6:00 a.m. and was not. Interview with the Chief Executive Officer (CEO) in the conference room on May 22, 2012, at 4:00 p.m., confirmed the nursing staff failed to provide patient #5 the requested and ordered medication for pain relief.	A 395	Education and Nurse director's or designee educated staff on Pain Management Policy. (See attached policy) **Measurement of Corrective Action** Facility will measure monthly HCAHPS scores and patient comments related to pain management and the PI Director shall report to Performance Improvement committee and Medical Executive Committee monthly. Pharmacy Director shall implement and monitor compliance with Therapeutic Duplication policy at least 30 records per month a minimum of three months or three consecutive months meeting threshold for compliance and report to Pharmacy and Therapeutics Committee.	July 7, 12 July 7, 12

Division of Health Care Facilities

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H 002	1200-8-1 No Deficiencies During investigation of complaint #29548, conducted on May 22, 2012, at University Medical Center, no deficient practices were cited under Chapter 1200-8-1, Standards for Hospitals.	H 002	Performance Improvement will monitor 30 charts per month for minimum of three months or three consecutive months meeting threshold to assess compliance with medication administration times related to PRN medications and report to PI committee monthly	July 7, 12

Division of Health Care Facilities

TITLE

(X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

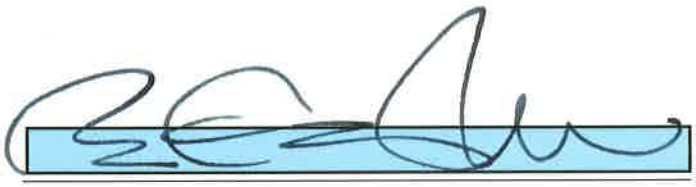
2012 OCT 15 AM 11:54

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Wilson

Saad Ehtisham, being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.



Signature/Title

Sworn to and subscribed before me this the 9 day of October, 2012, a Notary Public in and for the County of Wilson State of Tennessee.

NOTARY PUBLIC

My Commission expires My Commission Expires: May 31, 2016.

HF-0056
Revised 7/02 - All forms prior to this date are obsolete

COPY-

SUPPLEMENTAL-1

Lebanon HMA dba/
University Med. Ctr.

CN1210-051

BASS
BERRY • SIMS PLC

150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

J. Richard Lodge, Jr.
PHONE: (615) 742-6254
FAX: (615) 742-2754
E-MAIL: dlodge@bassberry.com

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

2012 OCT 25 PM 4:02

October 25, 2012

Mark A. Farber
Assistant Executive Director
Health Services and Development Agency
Andrew Jackson State Office Building, Suite 850
500 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1210-051
Lebanon HMA, LLC d/b/a University Medical Center

Dear Mr. Farber:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with the affidavit.

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1. **Section A, Applicant Profile, Item 3**

   Please provide a copy of the applicant facility's corporate charter and submit documentation from the Tennessee Secretary of State that acknowledges and verifies the type of ownership as identified by the applicant.

   Please see ***Supplement Attachment, Section A. Applicant Profile, Item 3.***

   Section A, Applicant Profile, Item 4

   In your reply to the supplemental questions recently sent to you please also document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated 68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership of each health care institution identified.

   Please see ***Supplement Attachment, Section A, Applicant Profile, Item 4.***

2. **Section A, Applicant Profile, Item 5**

   Is there a management agreement between University Medical Center (UMC) and HMA, Inc.? If yes, please provide this document.

   Yes. Please see ***Supplement Attachment, Section A, Applicant Profile, Item 5 (Hospital Management Associates, Inc. Management Agreement).***

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

Please provide a copy of the management agreement between UMC and SECN.

The transition management services agreement between UMC and SECN continues to be negotiated. The most up-to-date draft agreement may be found as ***Supplement Attachment, Section A., Applicant Profile, Item 5 (UMC-SECN Draft Management Agreement)***.

Please provide a draft management agreement between UMC and HCA for management of the oncology department at UMC at least identifying the anticipated term of the agreement and expected payment formula and monthly payments.

UMC and HCA Health Services of Tennessee, Inc. (HCA) continue to have substantive discussions regarding the proposed management relationship of the Radiation Oncology Center at UMC. For compliance purposes, the parties will enter into a management agreement only upon the completion of a valuation to ensure that all services are provided at fair market value. Once the valuation and negotiations are complete, upon request, UMC will provide a copy of the management agreement to the HSDA.

3. **Section A., Applicant Profile, Item 6.**

Please submit a deed or other similar legal document which demonstrates the applicant has a legitimate legal interest in the property on which to locate the project.

The deed and corresponding documents are attached as ***Supplement Attachment, Section A., Applicant Profile, Item 6 (Deed)***.

This statement above assumes that UMC owns the building and the site. Who owns the land and the building of the current cancer center? What is actually being purchased from SECN for $900,000? IF SECN owns the current site of the outpatient cancer center there will need to be a fully executed document between SECN and UMC that demonstrates UMC's future control of the site.

UMC owns the land and the building where the outpatient Radiation Oncology Center is located. UMC currently leases SECN the space pursuant to a written lease. A copy of the current lease is attached as ***Supplement Attachment, Section A., Applicant Profile, Item 6 (Lease)***. Because UMC currently owns the space, and there is no change of location involved with this CON application, upon closing of the purchase from SECN, the current lease will terminate and UMC will continue to own the space outright.

The purchase price for the assets, including the linear accelerator, cash, accounts receivable, inventory, supplies, furniture, fixtures and other equipment and the opportunity value of an existing radiation treatment program, was determined by negotiation between SECN and another third-party operator of radiation therapy programs. Because the program is located within Applicant's facility, UMC exercised its right of first refusal in its agreement with SECN at the previously negotiated price. A copy of the letter of intent whereby UMC exercised its right

of first refusal is attached as ***Supplemental Attachment Section A., Applicant Profile, Item 6 (Right of First Refusal)***.

4. **Section B., Project Description, Item I.**

Please compare the cancer incidence rates of the service area counties to the state of Tennessee overall.

Annual Age Adjusted Cancer Incidence Rates per 100,000 Population, 2003-2007

DeKalb County	**474.1**
Macon County	**452.8**
Smith County	**402.7**
Trousdale County	**387.6**
Wilson County	**419.9**
Tennessee	**457.2**

5. **Section B., Project Description, Item II.C.**

Please briefly discuss each of the oncology service components (e.g. surgery and chemotherapy) that make-up the current care continuum of oncology services provided by UMC. Please describe its formal hospital and medical staff organizational structures for coordinating the activities of the oncology program, including information systems such as its tumor registry and tumor board. How many and what types of subspecialty physicians participate in the delivery of cancer services to UMC's patients and/or development of new clinical knowledge. What is UMC's recruitment plans for physicians in these specialties? Please describe any specialized programs (e.g., mammography screening, community education programs for cancer, etc.) and equipment which the hospital has which is dedicated oncology diagnostic, treatment and/or prevention services. Does and/or will the programs participate in any clinical investigative protocols, etc? Discussion of oncology network relationships with other providers will also be helpful. Any additional information which provides the Agency a further understanding regarding the overall nature and comprehensiveness of UMC's oncology service would be helpful. Please also discuss what role the addition of radiation therapy services will play in the development of UMC's overall cancer program.

The oncology service line offerings at UMC can be separated into two distinct categories: clinical and support.

UMC's Clinical Cancer Service offerings consist of surgical, diagnostic, screening and therapeutic services. UMC offers the latest diagnostic imaging modalities for the diagnosis of Cancer including a 64 slice CT scanner, high resolution ultrasound, a 1.5 Tesla MRI, dual head nuclear medicine camera, digital mammography with stereotactic biopsy capabilities and digital radiography all of which are integrated into a digital PACS system. UMC has general surgeons who perform biopsies and cancer related surgeries and specialists who implant radioactive seeds for the treatment of prostate cancer. Chemotherapy is offered on a limited basis to those patients needing to be admitted for an acute illness while they are undergoing chemotherapy elsewhere as an outpatient.

Support Services offered by UMC's cancer service line include a monthly tumor board where new cancer cases are studied by a variety of multi-disciplinary medical specialists while offering CME to those in attendance. To ensure the tumor board adheres to its mission, the Department of Medicine oversees its activities. UMC's Cancer Registry follows each cancer diagnosis and handles the management, collection and reporting of cancer related data to national databases. Each October, in association with breast cancer awareness month, UMC offers deeply discounted mammograms to the citizens in its market. Approximately 600 women take advantage of this offer in support of breast health each October. UMC also participates in multiple community cancer related fundraising events and support systems.

The diagnosis and treatment of cancer cases at UMC is performed primarily by physicians from six specialties. From of a group of thirty radiologists, in total five radiologists cover UMC and are active in UMC's cancer program. Likewise, a local staff of seven OB/GYN physicians is active in the identification of suspicious symptoms associated with women's cancer and actively participates with other specialists in the treatment of cancers for their patients. Five general surgeons are on staff and provide surgical treatment for various cancers. One pathologist serves UMC, is very active in the tumor board and works closely with other physicians treating cancer to identify the type of cancer and most effective course of treatment. UMC also is covered by a medical oncologist who is a member of a large group of over forty oncologists. This physician provides outpatient chemotherapy from an infusion center in his private office. UMC has one radiation oncologist on staff who currently works with SECN at the radiation oncology center on UMC's campus.

UMC is not involved in any research or experimental studies related to the treatment or diagnosis of cancer at this time.

Oversight of UMC's cancer program is accomplished through the medical staff governance process that is active and in place at UMC. UMC's tumor board through its monthly conferences is the primary vehicle to ensure the quality of care UMC provides to cancer patients. The tumor board reports directly to the Department of Medicine. Individual physicians are governed either by the Department of Medicine or Surgery each of which is overseen by the Medical Executive Committee. A Peer Review Committee reporting to the Medical Executive Committee reviews cases submitted to it for the appropriateness of care and recommends corrective action if necessary to the practitioners involved in the care.

UMC is in active discussions with HCA seeking an affiliation that will benefit UMC by allowing access to more subspecialists and technology that is not practical to offer in a market of UMC's size. Additionally the experience level in managing cancer programs is much greater with these larger programs making an affiliation even more attractive. UMC expects a management agreement with HCA to be in place by early to midyear 2013.

The approval of this CON is important to this market because the current linear accelerator operated by SECN is the only one in the service area. With the significant investment needed to sustain the current free-standing SECN radiation center, there is real concern surrounding the center's future if this application is not approved. UMC desires to operate a radiation program because it is important to keep UMC's patients close to home and family where better healing takes

place. Being able to offer the same technology using the same protocols as larger urban cancer programs will give UMC's medical staff and patients confidence to use the UMC radiation oncology program. UMC believes that fact alone will significantly increase utilization of the radiation oncology center. UMC asks for approval of this CON because this service will provide better healthcare for the residents of Wilson County and the surrounding service area. It will also allow patients to remain at home and rely on their existing personal support networks during the course of a difficult treatment.

6. **Section B., Project Description, Item II.E.**

   There is a cost estimate of $2,192,007 and lease payment estimate of $2,322,000. Will the applicant be leasing the equipment, purchasing the equipment, leasing with an option to purchase, etc. Please discuss.

   University Medical Center will be leasing the Varian iX Linear Accelerator through a leasing arrangement with GE Capital (the lessor). The lease will be a capital lease incorporating a total purchase price of $2,185,498 with total estimated lease payments equaling $2,309,220. The lease payments are based on a sixty (60) month capital lease duration at an estimated discount rate of 6.50%. The discount rate was determined by the HMA Home Office Accounting Department and reflects the company's incremental borrowing rate based on prior transaction's and leases. The lease payments will be structured so the lease passes the 90% test for capitalization, which states the present value of the minimum lease payments must equal or exceed 90% of the fair value of the underlying asset in order for a lease to qualify as a capital lease (per GAAP). UMC will also have the option to buy the lease out after month fifty-four (54) for an estimated fair market value price of $375,000 based on a 6.50% discount rate. This fair market value price will be negotiated prior to lease inception so that a lower interest rate can be obtained. Please see the amortization table and lease classification test attached as ***Supplement Attachment, Section B., Project Description, Item II.E.***

7. **Section B., Project Description, Item III.A. (Plot Plan)**

   Is the outpatient center the location of the radiation therapy service?

   Yes, the radiation therapy services are located at the Outpatient Center at UMC.

8. **Section C. (Need) Item 1 (Relationship to the State Health Plan)**

   Please discuss how the proposed project will relate to each of the 5 Principals for Achieving Better Health found in the State Health Plan.

The project addresses the Five Principles for Achieving Better Health in the State Health Plan in the following ways:

1. Healthy Lives – The purpose of the State Health Plan is to improve the Health of Tennesseans.

This application addresses the goal of Healthy Lives by ensuring continued convenient access to radiation therapy treatment at UMC. Cancer is the second leading cause of death for the residents of Tennessee, surpassed only by heart disease. Particularly for the residents of the service area who live in rural communities, having access to high

quality radiation therapy services in the setting of a comprehensive Cancer Center can extend both the length and quality of life.

2. Access to Care – Every citizen should have reasonable access to health care.

The State Health Plan references a survey that showed survey respondents felt that the top three considerations in determining whether a person has reasonable access to health care are:

- The price of health care services
- The distance a person must travel to get to a service provider
- The transportation options available

This application addresses these considerations. The price of radiation therapy services at UMC is comparable to other providers in the state. As the only radiation therapy center located in the service area, UMC's location is a key advantage for those wishing to receive daily radiation therapy treatments close to home.

3. Economic Efficiency – The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system.

This application directly addresses the encouragement of competitive markets and economic efficiencies. This application seeks to continue and improve an existing cancer center so that it has the ability to continue to be competitive in a growing market. Discontinuing the service and requiring patients to travel to radiation therapy centers in other service areas would impede UMC's ability to continue to be competitive. UMC is currently leasing the specialized space that is not easily reusable for other services to SECN. In addition to keeping the space in use for the hospital, radiation therapy is a profitable service that can help offset other services the hospital provides to the community that are not profitable.

4. Quality of Care – Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

This application directly addresses quality of care by proposing to replace the linear accelerator with a new machine that includes technology that supports treatments in keeping with contemporary standards of care. In addition, UMC's attention to stabilizing the radiation oncology coverage will enhance the quality of care for patients of the radiation therapy center.

5. Health Care Workforce – The state should support the development, recruitment, and retention of a sufficient and high quality health care workforce.

The application directly addresses the development of a high quality health care workforce. Approval of this application will allow UMC to continue employment for the current cancer center staff, while growing the center's volumes, supporting additional staff. UMC will only employ associates with the appropriate credentialing and certifications required to maintain its current accreditations.

9. **Section C. Need Section 1. (Specific Criteria-Megavoltage Radiation Therapy Service)**

Your response is noted. The criteria and standards for radiation therapy in the Guidelines for Growth document are no longer current. A revised and updated set of criteria and standards can be found in an appendix to the State Health Plan and at the HSDA website. Please provide a response to each criterion and standard.

Standards and Criteria:

1. **Utilization Standards for MRT Units.**

a. Linear Accelerators not dedicated to performing SRT and/or SBRT procedures:

i: Full capacity of a Linear Accelerator MRT Unit is 8,736 procedures, developed from the following formula: 3.5 treatments per hour, times 48 hours (6 days of operation, 8 hours per day, or 5 days of operation, 9.6 hours per day) times 52 weeks.

ii. Linear Accelerator Minimum Capacity: 6,000 procedures per Linear Accelerator MRT Unit annually, except as otherwise noted herein.

iii. Linear Accelerator Optimal Capacity: 7,688 procedures per Linear Accelerator MRT Unit annually, based on a 12% average downtime per MRT unit during normal business hours annually.

iv. An applicant proposing a new Linear Accelerator should project a minimum of at least 6,000 MRT procedures in the first year of service in its service area, building to minimum of 7,688 procedures per year by the third year of service and for every year thereafter.

This application proposes continuing radiation therapy services that are already being offered, but enhancing those services through a change in ownership of the radiation oncology center, stabilizing the radiation oncology presence in the center, and upgrading the equipment to contemporary standards of care. While the center is currently performing below the minimum capacity standards for Linear Accelerators, making the proposed changes in leadership, breadth of services, stability of physician coverage, and equipment will enable the hospital to attract more of the patients who live in the service area but now choose to travel outside the service area to receive daily radiation therapy treatments.

A calculation of population and cancer incidence rates shows that residents of the service area will need over 10,000 radiation therapy treatments annually. UMC is providing the service in a location that is central to the service area and can increase volumes by making the proposed changes and communicating those changes to the physician community.

b. For Linear Accelerators dedicated to performing only SRT procedures, full capacity is 500 annual procedures.

Not applicable.

c. For Linear Accelerators dedicated to performing only SRT/SBRT procedures, full capacity is 850 annual procedures.

Not applicable.

d. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for Linear Accelerators develop. An applicant must demonstrate that the proposed Linear Accelerator offers a unique and necessary technology for the provision of health care services in the proposed Service Area.

Not applicable.

e. Proton Beam MRT Units. As of the date of the approval and adoption of these Standards and Criteria, insufficient data are available to enable detailed utilization standards to be developed for Proton Beam Therapy.

Not applicable.

2. Need Standards for MRT Units

a. For Linear Accelerators not dedicated solely to performing SRT and/or SBRT procedures, need for a new Linear Accelerator in a proposed Service Area shall be demonstrated if the average annual number of Linear Accelerator procedures performed by existing Linear Accelerators in the proposed Service Area exceeds 6,000.

Because the existing SECN unit is the only Linear Accelerator in the service area, this standard is not applicable. No new unit is being proposed.

b. For Linear Accelerators dedicated to performing only SRT procedures, need in a proposed Service Area shall be demonstrated if the average annual number of MRT procedures performed by existing Linear Accelerators dedicated to performing only SRT procedures in a proposed Service Area exceeds 300, based on a full capacity of 500 annual procedures.

Not applicable

c. For Linear Accelerators dedicated to performing only SRT/SBRT procedures, need in a proposed Service Area shall be demonstrated if the average annual number of MRT procedures performed by existing Linear Accelerators dedicated to performing only SRT/SBRT procedures in a proposed Service Area exceeds 510, based on a full capacity of 850 procedures.

Not applicable.

d. Need for a new Proton Beam MRT Unit: Due to the high cost and extensive service areas that are anticipated to be required for these MRT Units, an applicant proposing a new Proton Beam MRT Unit shall provide information regarding the utilization and service areas (including those that have received a CON), if they provide MRT services in the proposed Service Area and if that data are available, and the impact is application, if granted, would have on those other Proton Beam MRT Units.

Not applicable.

e. An exception to the need standards may occur as new or improved technology and equipment or new diagnostic applications for MRT Units develop. An applicant must demonstrate that the proposed MRT Unit offers a unique and necessary technology for the provision of health care services in the proposed Service Area.

Not applicable.

3. **Access to MRT Units**

a. An MRT unit should be located at a site that allows reasonable access for residents of the proposed Service Area.

As the only radiation therapy center within the proposed Service Area, the applicant is easily accessible to the residents of the Service Area. The site is within 8 minutes' drive of Exit 238 on I-40, central to the Lebanon and central to the region it serves. Interstates and good Federal and State highways connect the Lebanon to all parts of the service area, whose residents look to Lebanon for specialized, tertiary care when it is not available in their home communities.

b. An applicant for any proposed new Linear Accelerator should document that the proposed location of the Linear Accelerator is within a 45 minute drive time of the majority of the proposed Service Area's population.

While the linear accelerator is not a new service, it is located within a 45 minute drive time of the majority of the proposed Service Area's population. A map showing distances from the service area boundaries is attached as ***Supplement Attachment Section C. Need Section 1. (Specific Criteria-Megavoltage Radiation Therapy Service) (Service Area Distances)***

c. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRT units that service the non-Tennessee counties and the impact on MRT unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Not applicable.

4. **Economic Efficiencies. All applicants for any proposed new MRT Unit should document that lower cost technology applications have been**

investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

This application does not propose a new MRT unit. It does propose that the existing unit be allowed to continue service under the hospital's ownership. This is a more advantageous ownership structure in terms of cost, quality, and continuity of care.

5. Separate Inventories for Linear Accelerators and for other MRT Units. A separate inventory shall be maintained by the HSDA for Linear Accelerators, for Proton Beam MRT Units, and, if data are available, for Linear Accelerators dedicated to SRT and/or SBRT procedures and other types of MRT Units.

6. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRT Unit is safe and effective for its proposed use.

a. The United States Food and Drug Administration (FDA) must certify the proposed MRT Unit for clinical use.

The proposed new unit has been certified for clinical use by the FDA. A copy of the letter verifying that certification is attached as Supplement ***Attachment, Section C. Need Section 1. (Specific Criteria-Megavoltage Radiation Therapy Service) (FDA Approval).***

b. The applicant should demonstrate that the proposed MRT Units shall be housed in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

Because SECN currently uses UMC space to provide services, UMC already conforms to these standards, specifications and requirements. UMC will continue to conform to these standards, specifications and requirements. As mentioned previously, in conjunction with the upgrade of equipment and the treatment planning system, UMC will upgrade the existing space to conform to applicable federal standards, manufacturers' specifications and all licensing requirements.

c. The applicant should demonstrate how emergencies within the MRT Unit facility will be managed in conformity with accepted medical practice, Tennessee Open Meetings Act and/or Tennessee Open Records Act.

Because the applicant proposes making the radiation therapy center a department of the hospital, emergencies will be managed as they are with any "code" event within the hospital. The area will be included under the purview of the hospital's Rapid Response Team to respond to any emergent situations.

d. The applicant should establish protocols that assure that all MRT Procedures performed are medically necessary and will not unnecessarily duplicate other services.

Because radiation therapy is a component of overall cancer treatment, most patients are being cared for by a team of physicians, including primary care, medical oncology, and radiation oncology. Because medical oncologists generally drive the overall treatment approach for cancer patients, and because there is generally a team-based approach as these physicians make treatment decisions, unnecessary duplication of services is highly unlikely. In addition to the safeguards inherent in a team-based cancer treatment approach, UMC sponsors an active tumor board, which further facilitates communication between members of the treatment team, team-based treatment decisions, and peer accountability and review.

e. An applicant proposing to acquire any MRT Unit shall demonstrate that it meets the staffing and quality assurance requirements of the American Society of Therapeutic Radiation Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO) or a similar accrediting authority such as the National Cancer Institute (CNI). Additionally, all applicants shall commit to obtain accreditation from ASTRO, ACR or a comparable accreditation authority for MRT services within two years following initiation of the operation of the proposed MRT unit.

The radiation therapy center is not currently accredited. If this application is approved, the applicant plans to apply for accreditation by the American College of Surgeons' Commission on Cancer, a nationally recognized cancer center accreditation program.

f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant has standing transfer agreements with a number of hospitals in the area, including Sarah Cannon Cancer Center and Vanderbilt University Hospital in Nashville.

g. All applicants should provide evidence of any onsite simulation and treatment planning services to support the volumes they project and any impact such services may have on volumes and treatment times.

The equipment upgrade that is proposed as part of this application includes a new treatment planning system, which will allow UMC to do high-quality treatment planning on-site. In the interest of the orderly development of healthcare, a separate simulator is not proposed as part of this project.

7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant will submit data in a timely fashion, as requested by the HSDA.

8. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan,

"Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:
a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration.

Four of the five counties that comprise the project's service area include Medically Underserved Areas, as designated by the United States Health Resources and Services Administration. Those counties are DeKalb, Macon, Trousdale, and Wilson.

b. Who is a "safety net hospital" or "children's hospital" as defined by the Bureau of TennCare Essential Access hospital payment program; or,

Not applicable.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

UMC already participates in all TennCare MCOs and the Medicare program and will continue to do so if this application is approved.

10. Section C., Need, Item 3.

Your response to this item is noted. To better document the reasonableness of the proposed service, please provide the patient origin by county for the current cancer center for the most recent year available using the table below. This information is available from the HSDA Medical Equipment Registry.

2011 Medical Equipment Registry Patient Origin Data

County	Treatments	% Total
Wilson	2,212	62.8%
Smith	555	15.8%
Macon	276	7.8%
DeKalb	170	4.8%
Trousdale	99	2.8%
Williamson	80	2.3%
Sumner	54	1.5%
Jackson	36	1.0%
Overton	36	1.0%
White	4	0.1%

11. Section B. Need Items 5 & 6

Your response to this item and assumptions for projected utilization are noted. Utilization of the radiation therapy service has been declining steadily since 2009. Annualizing the 2012 data results in an estimate of 3,045 treatments in 2012. According to the revised criteria and standards for megavoltage radiation therapy the optimal utilization standard is 7,688 treatments annually. It is unclear as to how the applicant expects to increase volume this year from 3045 treatments to 5500 treatments by the second year of operation, an 80.6% increase in treatments, which is still 2,188 treatments less than the optimal utilization standard.

Please discuss in detail the strategies that the applicant expects to put forward that will result in such a dramatic increase in radiation therapy utilization.

Three primary strategies will be used to increase utilization of radiation therapy at UMC over the declining numbers produced by the SECN service. First and most important is to address the current primary care shortage in this market. The physicians identified as UMC's largest primary care group report waits of up to six weeks for an appointment with their practice group, possibly longer for new patients. UMC believes that, in general, this is prompting many patients to seek care outside of the primary service area. For potentially life threatening conditions such as cardiology and cancer, it is clear that these patients are seeking physicians that can see them immediately. UMC's strategy is to increase the availability of primary care through recruitment of family practice and internal medicine physicians. UMC's recruiting goal is to add five additional family practice and primary care physicians to the service area by September 2013. UMC currently is on-track to achieve this goal. Once accomplished, UMC will have established a base of physicians that are familiar with and confident in UMC's radiation therapy service. This will provide a more consistent source of patients versus the current situation in which primary care physicians are unfamiliar with the capabilities at UMC and are, therefore, sending patients to more distant facilities for cancer treatment.

The second strategy is to significantly upgrade the capabilities of the linear accelerator associated with SECN's service. UMC will acquire a Varian IX with IGRT and IMRT capabilities and on board imaging (OBI). The vast majority of radiation therapies in large markets are done with similar or identical technology. By all accounts, the Varian IX with its planning system is the technology best suited to UMC's market. Discussion with primary care physicians and cancer specialists will no longer be centered on the "quality" and "capabilities" of the current technology and planning systems and the benefit of going "downtown" to a Nashville program. UMC will be able to offer the same treatments with the same protocols supervised by physicians with like credentials as the larger programs.

UMC's third strategy is to educate the general public and community physicians about the cancer services available at UMC. Since this will be a new product line for UMC, UMC will have the advantage of being able to show its significant financial commitment to the community by offering the latest technology. Additionally, educating the community regarding the availability of SECN's radiation oncology program in general has not occurred at any significant level in several years. The resources available as an HMA hospital will allow for a professionally messaged and designed education campaign proving UMC's commitment to state-of-the-art cancer care, close to home.

These three components are what are missing from the current service operated by SECN. UMC feels strongly this will return many patients to UMC to receive their cancer care close to home and family and with the added comfort and support that brings.

Please provide service area residents destination for radiation therapy treatments from the HSDA Medial Equipment Registry and complete the following table:

2011 Radiation Therapy Treatment Destination for Service Area Residents*

Facility	DeKalb Co.	Macon Co.	Smith Co.	Trousdale Co.	Wilson Co.	Service Area Total
Cumberland Medical Center, Inc.	1	0	0	0	1	2
Baptist Hospital	35	0	35	0	246	316
Centennial Medical Center	22	4	0	0	317	343
St. Thomas Hospital	35	25	25	3	295	383
Vanderbilt University Hospital	120	118	138	0	1104	1480
Memorial Hospital	117	0	0	0	0	117
Cookeville Regional Medical Center	524	117	187	0	0	828
Middle Tennessee Medical Center	132	0	0	0	40	172
Sumner Regional Medical Center	4	530	30	93	139	796
Summit Medical Center – ODC	0	18	65	0	1632	1715
Skyline Medical Center	0	0	0	10	30	40
Stonecrest Medical Center	0	0	0	0	63	63
SECN at University Medical Center	170	276	555	99	2212	3312

*HSDA Equipment Registry

12. Section C., *Economic Feasibility, Item 1 (Project Costs Chart)*

Based upon the information in Section B of the application it is unclear how the applicant arrives at the equipment cost of $3,435,785. Please detail the amounts that leads to this total.

The updated total equipment cost is estimated at $3,422,822.85. The equipment cost breakdown is provided in the table below.

Equipment Cost Components

Total Lease Payments	$2,309,220
Annual Maintenance Costs (years 1-5)	Accelerator: $600,000 Software: $300,000
Sales Tax @ 9.25% (for 60 months)	$213,602.85
Total	$3,422,822.85

Please provide some details regarding what's included in the $900,000 acquisition of site including at a minimum an Option to Purchase agreement that is fully executed.

The purchase price for the assets, including the linear accelerator, cash, accounts receivable, inventory, supplies, furniture, fixtures and other equipment and the opportunity value of an existing radiation treatment program, was determined by negotiation between SECN and another third-party operator of radiation therapy programs. Because the program is located within the Applicant's facility, UMC exercised its right of first refusal in its agreement with SECN at the previously negotiated price. A copy of the letter of intent whereby UMC exercised its right of first refusal is attached as ***Supplemental Attachment Section A., Applicant Profile, Item 6 (Right of First Refusal)***.

There appears to be a calculation error in the Project Cost Chart. Please make the necessary corrections and submit a revised Project Cost Chart.

On the following page is a revised Project Costs Chart.

Please provide documentation from a licensed architect or construction professional:

1) a general description of the project,

2) his/her estimate of the cost to renovate the project space to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements, and

3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities

Please see **Supplement Attachment Section C.,** ***Economic Feasibility, Item 1(Construction Information).***

13. Section C., Economic Feasibility, Item 2

Please provide more details regarding the capital lease. What party is the lessor? What are the terms of the lease including lease payments?

University Medical Center will be leasing the Varian iX Linear Accelerator through a leasing arrangement with GE Capital (the lessor). The lease will be a capital lease incorporating a total purchase price of $2,185,498 with total estimated lease payments equaling $2,309,220. The lease payments were based on a sixty (60) month capital lease duration at an estimated discount rate of 6.50%. The discount rate was determined by the HMA Home Office Accounting Department and reflects the company's incremental borrowing rate based on prior transaction's and leases. The lease payments will be structured so the lease passes the 90% test for capitalization, which states the present value of the minimum lease payments must equal or exceed 90% of the fair value of the underlying asset in order for a lease to qualify as a capital lease (per GAAP). UMC also will have the option to buy the lease out after month fifty-four (54) for an estimated fair market value price of $375,000 based on a 6.50% discount rate. This fair market value price will be negotiated prior to lease inception so that a lower interest can be obtained. Please see the amortization table and lease classification test attached as ***Supplement Attachment, Section B., Project Description, Item II.E.***

14. Section C., Economic Feasibility Item 4 (Historical Data Chart and Projected Data Chart)

The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised information Historical and Projected Data Charts provided at the end of this requests for supplemental information. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership

as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

Please see the updated Historical and Projected Data Charts at the end of this supplemental response.

It appears that the Historical Data Chart submitted is for the Cancer Center. Please provide a Historical Data Chart for UMC.

Please see the Historical Data Chart for UMC is at the end of this supplemental response.

Is the Projected Data Chart comparable in terms of services provided in the Historical Data Chart? If yes, please explain how gross revenue increases from $2,709,095 in 2011 to $9,996,607.11 in Year 1 to $15,272,594.20 in Year 2.

Yes. The Projected Data Chart is comparable in terms of services provided in the Historical Data Chart, but the payor contracts and charge structures wouldn't necessarily be similar due to the organizations being different. If one looks at the Historical UMC data, the net revenue as a percentage of gross revenue is as follows:

	2009	2010	2011
Gross Revenue	$419,704,259	$472,104,598	$524,300,335
Net Revenue	$102,483,239	$109,134,277	$110,820,745
Net Revenue as a % of Gross Revenue	24.42%	23.12%	21.14%

Then, if one looks at the Historical SECN data, the net revenue as a percentage of gross revenue is as follows:

	2009	2010	2011
Gross Revenue	$3,365,696	$3,561,943	$2,709,095
Net Revenue	$1,228,088	$1,381,810	$1,014,145
Net Revenue as a % of Gross Revenue	36.49%	38.79%	37.43%

Based on the above, there would be a significant increase in gross charges based on UMC's charge structure as compared to SECN's charge structure. First, UMC tends to have a higher contractual rate than SECN due to internal charge rates, payor contracts and other market variables. Second, UMC plans to have 212 patients treated in Year 2 once the new Linear Accelerator is installed and the program is fully running. This is a 61% increase from SECN's 2011 patient count. If the gross charge is multiplied by the number of treatments of each body area (*e.g.*, lung, breast, brain, etc.), and then totaled, the gross charge for Year 1 is $9,996,607.11 and $15,272,594.20 for Year 2.

Gross charge amounts by body area treated were obtained from sister facilities within the HMA organization that already have a fully functional Radiation Oncology program in place. The estimated contractual percentages (on average, 73% contractual discount from gross charge) specifically related to Radiation Oncology were also obtained from sister facilities within the HMA system that have historical data to use as a basis.

Row A in both the Historical and Projected Data Charts should have a measure of utilization such as patients, treatments, patient days, etc.

Measure of utilization is included.

For both Charts please explain why there are no provisions for charity care.

Applicant's chart of accounts captures all uncompensated care for all patients and does not break out separately the categories of uncompensated care.

UMC is committed to ensuring that its patients can receive the care they need regardless of financial constraints. In 2009, UMC provided approximately $13,328,644 in uninsured care. In 2010, UMC provided approximately $17,343,022 in uninsured care. In 2011, UMC provided approximately $16,627,035 in uninsured care.

In the Projected Data Chart please explain of what the Interest under Capital Expenditures consists.

In the Projected Data Chart the Interest Expense under the Capital Expenditures section is related to the amortization of the new Linear Accelerator. Based on the principal amount of $1,967,019.75, interest at 6.5%, and payments set at $38,487 per month for 60 months, UMC expects Interest Expense to be $117,724 in Year 1 and $94,678 in Year 2. Please see the amortization table and lease classification test attached as ***Supplement Attachment, Section B., Project Description, Item II.E.***

15. Section C., Economic Feasibility, Item 6B

What is the source of this charge data?

Gross charge amounts by area treated were obtained from sister facilities within the HMA system that already have a fully functional Radiation Oncology program in place. An average gross charge per treatment plan was developed based on the area of the body being treated. This was necessary due to the variability of patients being treated in a Radiation Oncology Center. The estimated contractual percentages (73% on average) specifically related to Radiation Oncology were also obtained from sister facilities within the HMA system that have historical data to use as a basis. Internal log data was obtained from SECN in order to get a ratio of how many patients were treated by treatment area (for instance 23% Breast or 2% Prostate). Then those ratios were applied to the projected patient volumes that UMC expects in Year 1 and Year 2 in order to get the specific number of patients by treatment area. Then the average gross charge per treatment plan by treatment area was multiplied by the number of patients projected to have that area treated for the year.

An average of twenty-six treatments per treatment plan was estimated based on a weighted average of the number of patients treated by treatment area. This was then multiplied by the average number of treatments required by treatment area to get a total weighted average. Average treatments required by treatment area were obtained from a sister facility within the HMA system that has a fully functional Radiation Oncology program running.

16. **Section C., Economic Feasibility, Item 9.**

In addition to the estimated dollar amount of revenue please also provide the percentage of total project revenue anticipated from each of TennCare/Medicaid and Medicare.

In Year 1, UMC expects gross charges related to Medicare patients to be $3,526,200.31 and gross charges related to Medicaid patients to be $849,551.91. This represents 35.2% of total gross charges for Medicare patients and 8.5%of total gross charges for Medicaid patients. In Year 2, UMC expects gross charges related to Medicare patients to be $5,387,250.47 and gross charges related to Medicaid patients to be $1,297,926.52. This once again represents 35.2% of total gross charges for Medicare patients and 8.5%of total gross charges for Medicaid patients. Percentages were obtained by taking an average of gross charges by payor for 2008, 2009, and January through September 2010 for SECN. These were the only years available in terms of payor data for SECN.

17. **Section C., Economic Feasibility, Item 11**

Based on the applicant's projections it does not appear that the radiation therapy service is expected to meet the State Health Plan's optimal utilization standard of 7,688 treatments annually. Has the applicant considered the alternative of joint venturing with another radiation therapy provider in the surrounding area as a means to increase projected utilization?

Applicant has considered joint venturing with the Vanderbilt-Ingram Cancer Center (Vanderbilt) and originally secured an LOI from Vanderbilt to joint

venture with UMC. However, in November 2011, Vanderbilt terminated negotiations with UMC citing lack of access to capital to fund the project with UMC. UMC is currently negotiating a management arrangement pursuant to which HCA would manage the radiation oncology center at UMC.

UMC maintains its position that it can meet the minimum utilization standards by investing in the upgrade of the equipment and community education for the center in the primary and secondary service areas. UMC intends to educate all primary care physicians and specialists within the service area regarding the full-range of cancer treatments available at UMC. Having a state-of-the-art radiation oncology center at UMC reinforces UMC's commitment to cancer care for the patients within its service area.

UMC also feels strongly that the halo effect of affiliating with another cancer center such as HCA will further enhance the image of the center to local physicians and the greater community. The current linear accelerator is the only such equipment in the service area. Patients prefer having access to the center for convenience and not having to travel to downtown Nashville. These patients are often very sick and traveling to and from treatment can be uncomfortable and inconvenient. In order to provide continuity to these patients, UMC feels a sense of responsibility to step in and salvage a program that is currently under-utilized.

18. Section C., Contribution to Orderly Development, Item 3

Dr. Maura Campbell's CV is noted. Please identify other radiation oncologists and radiologists who will be supervising the care of the patients, their treatments and procedures and provide documentation of their credentials, board certifications, and training.

If approved, several months will elapse prior to UMC's upgrade of equipment. This period of transition will allow UMC to guarantee continuity of care under a temporary management services agreement with SECN. During the transition, UMC or a UMC affiliate will contract with Dr. Campbell to provide radiation oncology services to patients of the Radiation Oncology Center. To provide additional coverage during this time, UMC or a UMC affiliate also will contract with a minimum of the three physicians listed below. These locums physicians are currently credentialed at UMC. The curriculum vitae and credentialing information for each locums physician is attached as ***Supplement Attachment Section C., Contribution to Orderly Development, Item 3 (Staffing).***

Name	Degree	Specialty	Board Certification
Robert Scruggs	MD	Oncology, Radiation	Therapeutic Radiation
Eileen McGarvey	MD	Oncology, Radiation	Radiation Oncology
Patrick Thomas	MS	Oncology, Radiation	Therapeutic Radiation

As discussed in UMC's CON application, UMC is currently negotiating a management agreement, pursuant to which HCA will provide radiation oncology services to UMC. These services will include oversight from HCA-affiliated radiation oncologists. Each radiation oncologist providing services under the negotiated management agreement would be required to complete the UMC

credentialing process prior to providing services at UMC. This process would require verification of all credentials, board certifications and training. A complete credentialing application packet is attached as S***upplement Attachment Section C., Contribution to Orderly Development, Item 3 (Staffing)***.

19. Section C. (Contribution to Orderly Development) Item 7 (Licensure and Inspections)

Please provide documentation from the Department of Health signifying acceptance of UMC's Plan of Correction. What measures or monitoring methods has the applicant initiated to prevent these deficiencies from occurring again?

Attached as ***Supplemental Attachment Section C. (Contribution to Orderly Development) Item 7 (Licensure and Inspections)*** is the acceptance of the Plan of Correction by the Department of Health. UMC has developed an annual competency program to measure nursing knowledge and related medication administration. UMC also has initiated use of handheld electronic devices (Pt Touch) to assist the nursing staff in their daily activity around medication administration supplementing the medical records as a source. Twenty-four hour chart checks have been instituted to review all ordered medications are properly placed on the medication administration record. Nursing and Pharmacy leadership has high degree of confidence that the educational/training program put in place alongside Pt. Touch will ensure that the deficiency will not occur again.

Cordially yours,

J. Richard Lodge

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGU
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

September 18, 2012

Mr. Saad Ehtisham, Fache
University Medical Center
1411 Baddour Parkway
Lebanon TN 37087

RE: 44-0193

Dear Mr. Ehtisham:

The East Tennessee Region of Health Care Facilities conducted a complaint investigation on July 12-20, 2012. A desk review was conducted, based on that review; we are accepting your plan of correction and are assuming that your facility is in compliance with all participation requirements as of August 31, 2012.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-588-5656 or by fax: 865-594-5739.

Sincerely.

Karen B. Kirby/kg

Karen B. Kirby, RN
Regional Administrator
East TN Health Care Facilities

KK: kg

TN00029198

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

AFFIDAVIT

2012 OCT 25 PM 3:47

STATE OF TENNESSEE

COUNTY OF Wilson

NAME OF FACILITY: **University Medical Center**

I, Saad Ehtisham, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title CEO

Sworn to and subscribed before me, a Notary Public, this the 23 day of October, 2012, witness my hand at office in the County of Wilson, State of Tennessee.

NOTARY PUBLIC

My commission expires My Commission Expires: May 31, 2016.

JOY PATTY HENLEY
STATE OF TENNESSEE NOTARY PUBLIC
WILSON COUNTY

HF-0043

Revised 7/02

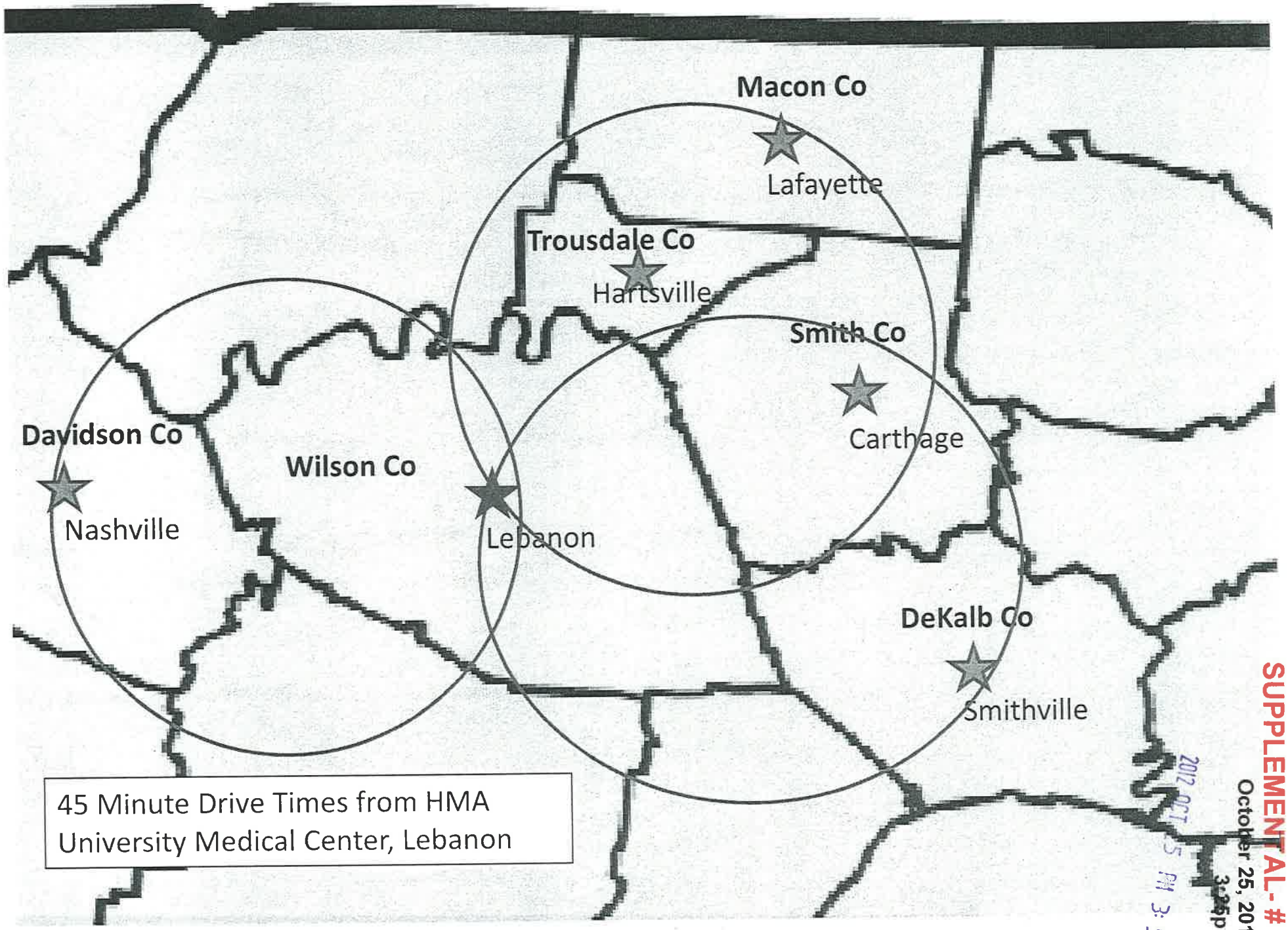
SUPPLEMENT ATTACHMENT

SECTION C

Need Section 1

(Specific Criteria Megavoltage Radiation Therapy Service)

(Service Area Distance)



SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

SUPPLEMENT ATTACHMENT

Section C

(Contribution to Orderly Development), Item 3

(Staffing)

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

Name	Degree	Specialty	Board Certification
Robert Scruggs	MD	Oncology, Radiation	Therapeutic Radiation
Eileen McGarvey	MD	Oncology, Radiation	Radiation Oncology
Patrick Thomas	MD	Oncology, Radiation	Therapeutic Radiation

CURRICULUM VITAE

Robert Pickett Scruggs, M. D.

Present position:	Semi-Retired Radiation Oncologist as of 1/1/2009 Provide coverage for Texas Oncology physicians in radiation oncology and provide locum tenens coverage 10-15 weeks per year for practices in Texas, Florida, North Carolina, Mississippi, Tennessee and Indiana
Previous Position:	Radiation Oncologist, Texas Oncology, P.A.
Previous Office Address:	Department of Radiation Oncology Texas Oncology, P. A. 3535 Worth St., 1st Floor Dallas, TX 75246 Telephone: 214-370-1400
Home Address:	8615 Breakers Point Dallas, TX 75243 Telephone: 214-349-4637
Current Mailing Address:	3904 Eagle Cove Oxford, Ms. 38655 Telephone: H: 662-234-9701 C: 214-282-4036 Fax: 662-281-5885

PERSONAL

Date and Place of Birth:	January 24, 1944 - Memphis, Tennessee
Citizenship:	United States of America
Military Service:	U. S. Navy Medical Officer January 1971 - January 1972: USS Wichita January 1972 - January 1973: US Naval Hospital in Millington Tn.
Married:	Joann Shelton, December 21, 1966
Children:	Gavin Scott - Born: January 19, 1972 Granger Ryan - Born: June 1, 1976

EDUCATION

Undergraduate:	University of Mississippi B. A.: 1962 - 1966
Medical School:	University of Tennessee College of Medicine MD: 9/1966 to 12/14/1969
Internship:	Baylor University Medical Center Dallas, Texas Jan – December 1970
Residency:	Duke University Medical Center Durham, NC Radiation Oncology Feb. 1973 - Feb. 1976
Fellowship Grant:	National Institute of Health Division of Therapeutic Radiology Duke University Medical Center Durham, North Carolina 1973 - 1975
Fellowship Grant:	American Cancer Society Division of Therapeutic Radiology Duke University Medical Center 1974 - 1975
Fellowship:	Combined Pathology & Medical Oncology Baylor University Medical Center Dallas, Texas Aug. 1974 - Nov. 1974

PRACTICE HISTORY

Baylor University Medical Center
Sammons Cancer Center
Radiation Oncologist
1976 to 12/31/2008

BOARD CERTIFICATION

American Board of Radiology, Radiation Oncology, June 1976

LICENSED TO PRACTICE MEDICINE

Tennessee MD6656, March 24, 1970

Texas	D7676,	December, 1970
California	CC33157	March, 1971
Florida	21951	March, 1974
North Carolina	19949	May, 1975
Mississippi	14583	July, 1996

AWARDS & HONORS

Phi Eta Sigma Scholastic Society, 1963

Sears College Scholarship, 1962 - 1963

University of Mississippi Scholarship, 1962 - 1963

PROFESSIONAL SOCIETY MEMBERSHIPS

American College of Radiology

American Medical Association

American Society of Clinical Oncology

American Society of Therapeutic Radiology and Oncology

American College Radiation Oncology (ACRO)

Dallas County Medical Society

Texas Medical Association

Southern Medical Association and Southern Association for Oncology

POSITIONS PAST AND PRESENT

Baylor University Medical Center

Radiation Oncologist, 1976 – 12/31/2008

Chief: Department of Radiation Oncology, 2005- 12/31/2008

Medical Director - Radiation Oncology, 1996 – 12/31/2008

Assistant Chief - Department of Oncology, 1996 – 12/31/2008

Chairman - Cancer Center Med. Comm., 1990 – 12/31/2008

Chairman of the Oncology Clinical Practice Council 6/2007 – 12/31/2008

Vice Chairman – Cancer Center Executive Comm., 1990 – 12/31/2008

President Elect Medical Staff, 2000

President Medical Staff, 2001

Chairman of Medical Board and Executive Committeee 2002
Chairman: Orthopedic Chairman Selection Comm., 2003

Chairman: Task Force on Nosocomial Infection, 2003

Member:: Medical Staff Executive Committee, 2006-2008

Chairman: Selection/Search Committee ,
For Medical Director and Chief of Oncology Sammons Cancer Ctr., 2008
For Chairman of Orthopedic Department, 2005

Member – Bone and Soft Tissue Tumor Steering Committee
Head and Neck Cancer Steering Committee
Breast Cancer Steering Committee
Lung Cancer Operations Committee

Member – Committee on Committees

Member – Institutional Review Board for Human Protection, 1992

Member – Bylaws Committee, 1993

Secretary of Medical Staff, 1984 – 1986

Lecturer – Cvetko Patient Education Support Group, 1990 – 2008

<u>Texas Oncology, P.A.</u>

Medical Director of Radiation Oncology , 1996-2000

Member: Board of Directors, 1994-2000

Member: Operating Board, 1994-2000

Member: Executive Committee, 1998-2000

Treasurer, 1994-2000

Chairman: Finance Committee, 1996 - 1998

Member: Salary & Benefits Committee, 1996 – 12/31/2008

Other

Councilor: American College of Radiology from Texas, 1984-1988

Member: Credentialing Committee United Healthcare, 1996-1998

Dallas County Medical Society Officer; Officer Nominating Comm., 2002

Baylor 100th Anniversary Celebration Steering Comm., 2002

Baylor Health Care System Medical Education Task Force, 2002

LECTURES AND PRESENTATIONS

"Short Course Radiation Therapy in the Treatment of Head and Neck Tumors"
Presented before: 60th Scientific Assembly
Radiological Society of North America
Chicago, ILL
December 5, 1974

PUBLICATIONS

1. Abramson, N., Scruggs, R. Pickett and Cavanaugh, P. J.
"Short Course Radiation Therapy in Treatment of Head and Tumors"
Radiology 118: 175 - 179, (January) 1976

2. Bradfield, J., Scruggs, R. Pickett
"Carcinoma of Mobile Tongue: Incidence of Cervical Metastasis in Early Lesions Related to Method of Primary Treatment"
Laryngoscope Vol. 93, No. 10, (October) 1983

3. Scruggs, R. Pickett and Bradfield, John S.
"Conservative Surgery and Radiotherapy for Early-Stage Carcinoma of the Breast: Sammons Cancer Center Experience, 1977 to 1988"
Baylor University Medical Center Proceedings Vol. 3, No. 3, (July) 1990

4. Bradfield, John S., Scruggs, R. Pickett and Tillery G. Weldon
"Postoperative Radiation for Pathological Stages C and D Carcinoma of the Prostate: Baylor University Medical Center Experience, 1976 to 1991"
Baylor University Medical Center Proceedings Vol.6, No. 1, (January) 1993

Updated: August 2010

SUPPLEMENTAL- # 1
October 25, 2012
3:25pm

CURRICULUM VITAE

EILEEN F. MC GARVEY, M.D.
2356 Sunset Court
Madison, Indiana 47250
812-701-7790
mcg@cinergymetro.net

CURRENT WORK STATUS: Retired on March 30, 2012.

EDUCATION:

COLLEGE:
Trenton State College
(College of New Jersey)
Trenton, New Jersey
B.A., Biology, 1980.

MEDICAL SCHOOL:
Temple University Medical School
Philadelphia, Pennsylvania
M.D., 1985

INTERNSHIP:
Internal Medicine, 1985-1986
Cooper Hospital University Medical Center
Camden, New Jersey
Department Chair: James Carnahan, M.D.

RESIDENCY:
Radiation Oncology, 1986-1989
Cooper Hospital University Medical Center
Camden, New Jersey
Department Chair: Paul Wallner, D.O.

WORK HISTORY:
Director, Radiation Oncology
King's Daughters' Hospital Cancer Treatment Center
Madison, Indiana 47250
812-265-0613 (staff office)
March 1, 1996 to March 30, 2012

Staff Radiation Oncologist
Fox Chase Cancer Center
Philadelphia, Pennsylvania
July 1992- August 1995
Department Chair: Gerry Hanks, M.D.

Associate Professor of Radiologic Sciences
Division of Radiation Oncology
Medical College of Pennsylvania – Main Campus
Philadelphia, Pennsylvania
January 15, 1992 – June 30, 1992

Locums Tenens Physician
Lebanon Valley Cancer Center
Lebanon, Pennsylvania
June 1990- May 1991

Staff Radiation Oncologist
Jackson Madison County Medical Center
Jackson, Tennessee
August 1, 1989 – March31, 1990

COMMITTEES:

Cancer Committee- 1996 – 2012
Cancer Committee Chair – approximately 10 years.
Utilization Review Committee – 1997
Executive Committee – 1998

BOARD CERTIFICATION:

American Board of Radiology
Radiation Oncology, June 4, 1992

LICENSURE:

New Jersey, MA-49012, inactive
Pennsylvania, MD-042237, inactive
Tennessee, MD-019790, inactive
Indiana, 01044587
Kentucky, 32231, inactive

HONORS:

Phi Kappa Phi National Honor Society, 1980
Trenton State College, B.A. Biology, Summa Cum Laude

PROFESSIONAL SOCIETIES:

ASTRO

OTHER SERVICE:

King's Daughters' Hospital and Health Services
Board of Managers, Physician Member, 2005 – 2012.
Served on Finance, Planning, and Quality Committees.

REFERENCES:

Available upon request.

CURRICULUM VITAE

PATRICK R. M. THOMAS, M.D., F.A.C.R., F.A.S.T.R.O
100 Beach Drive NE # 501
St Petersburg FL 33701
727 434 2024 cell
727 895 8494 fax
ptrckthms@gmail.com

PERSONAL INFORMATION:

Place of Birth: Exmouth, U.K.
Citizenship: United States (naturalized)
United Kingdom
Social Security No.: 089-58-5908

EDUCATION:

1965 Academic Diploma in General Biochemistry (BS equivalent)
London University

1968 Degree in Medicine - M.B., B.S. (Equivalent to M.D.)
Middlesex Hospital Medical School

POST- GRADUATE TRAINING AND POSITIONS:

1/69 - 12/69 Internship
House Surgeon and House Physician
Middlesex and Central Middlesex Hospitals, London

1/70 - 7/70 House Physician and Locum Registrar in Endocrinology
Royal Free Hospital, London

8/70 - 12/72 Residency
Senior House Physician and Registrar in Radiotherapy
Hammersmith Hospital, London

12/72 - 6/74 Senior Registrar in Radiotherapy
Middlesex Hospital, London

PROFESSIONAL EXPERIENCE / WORK HISTORY:

7/74 - 6/76 Lecturer in Radiotherapy
Royal Marsden Hospital and Institute of Cancer Research
University of London

7/76 - 6/79 Associate Chief, Department of Radiation Medicine
Roswell Park Memorial Institute, Buffalo, New York

7/79 - 6/79 Clinical Assistant Professor of Radiology
State University of New York, Buffalo, New York

7/79 - 6/83 Assistant Professor of Radiology
Washington University School of Medicine, St. Louis, Missouri

7/83 - 6/89 Associate Professor of Radiology

Washington School of Medicine, St. Louis, Missouri

7/89 - 12/90 Professor of Radiology
Washington University School of Medicine, St. Louis, Missouri

PROFESSIONAL EXPERIENCE / WORK HISTORY, continued

1/191 - 2/98 Professor and Chairman, Department of Radiation Oncology
Temple University School of Medicine
Attending Physician:
-Temple University Hospital
- St. Christopher's Hospital for Children
- Albert Einstein Medical Center
- Northeastern Hospital

2/98 - 10/99 Radiation Oncologist
South Florida Regional Cancer Consultants
Administrative Office
3850 Tampa Road, Suite 101
Palm Harbor, Florida 34684

10/99 –2/03 Radiation Oncologist/ Partner
Pinellas Radiation Oncology Associates
3155 North McMullen Booth Road
Clearwater, Florida 33761

2/03 –1/06 Locum tenens coverage in Radiation Oncology in various locations

Miami Baptist Hospital, FL, February, June, October, 2003, April, November 2004
St Joseph's Hospital Tampa, FL, March 2003
Penn State Hershey Medical Center, PA, April, May, September 2003, March-October 2004 September 2005 – January 2006
Sharon Regional Cancer Care Center, PA, April, July-August 2003
Dartmouth Hitchcock Medical Center, NH, November, December 2003
Watson Clinic, Lakeland, FL, January, February 2004

2/06- 10/08 Professor of Radiology
Division of Radiation Oncology
Penn State Medical Center
Hershey PA 17033

1/09 continuing Locum tenens positions
Intercommunity Cancer Center Leesburg FL (Jan & Apr 09)
Penn State Hershey Medical Center (Jan-Feb and June-Nov 09)
21st Centiury Oncology Jacksonville FL (Feb 09),
Advanced Medical Specialists Baptist Hospital Miami FL (Mar & May 09),
Oakwood Cancer Center Mechanicsburg PA (May 09)
Lakeland Regional Cancer Center Lakeland FL (Dec 09)
Urologic Consultants SE PA Bala Cynwyd PA (Mar 2010)
Radiol Associates Hollywood FL (May, June, July-Aug 2010) three separate assignments
Sacred Heart Hospital Allentown PA (May-June 2010)
First Coast Oncology Jacksonville FL (June-July 2010)
St Jude Children's Research Hospital Memphis TN Oct –Nov 2010)
West Florida Urology Naples FL (Nov 2010)
U Tenn Cancer Center Bartlett TN (Dec 2010)

FREESTANDING TREATMENT FACILITIES: (1998-2003)

Countryside Cancer Center

3155 North McMullen Booth Road
Clearwater, FL 33761
(727) 669-9018

Bardmoor Cancer Center
8787 Bryan Dairy Road
Suite 120
Largo, Florida 33777
(727) 320-0200

Bayfront Cancer Care Center - (Hospital Based)
701 Sixth Street South
St. Petersburg, Florida 33701
(727) 893-6103

Lykes Cancer Center at Clearwater - (Hospital Based)
300 Pinellas Street
Clearwater, Florida 34616
(727) 462-7045

Lykes Cancer Center at Largo - (Hospital Based)
198 Fourteenth Street
Largo, Florida 34640
(727) 462-7245

HOSPITAL APPOINTMENTS: (1998-2003)

St. Anthony's Hospital - Consulting
1200 7th Avenue North
St. Petersburg, Florida 33733
(727) 825-1100

All Children's Hospital - Provisional
801 6th Street South
St. Petersburg, Florida 33701
(727) 898-7451

Morton Plant- Mease Dunedin/ Countryside - Active/ Provisional
P.O. Box 760
Dunedin, Florida 34697
(727) 733-1111

Largo Medical Center - Associate
201 14th Street Southwest
Largo, Florida 33770
(727) 588-5200

Northside Hospital -
6000 49th Street North
St. Petersburg, Florida 33709
(727) 521-4411

Bayfront Medical Center - Active
701 Sixth Street South
St. Petersburg, Florida 33701
(727) 823-1234

Helen Ellis Memorial Hospital - Courtesy

1395 South Pinellas Avenue
Tarpon Springs, Florida 34688
(727) 942-5000

St. Joseph's Hospital - Consulting Only
3001 West Dr. Martin Luther King, Jr. Blvd.
Tampa, Florida 33607
(813) 870-4000

AWARDS & PRIZES:

1964 Middlesex Hospital Medical School Bursary in Biochemistry

1974 British Institute of Radiology traveling Fellowship to Paris, Radiation Therapy Centers

F.A.C.R., Fellow American College of Radiology

1994 F.R.C.P., Fellow Royal College of Physicians of London

2007 F.A.S.T.R.O Fellow American Society for Therapeutic Radiology and Oncology

2008 American Board of Radiology Distinguished Service Award

CERTIFICATIONS:

1968 E.C.F.M.G., Council for Foreign Medical Graduates Certificate 104-810-7

1971 M.R.C.P., Royal Colleges of Physicians of United Kingdom

1974 F.R.C.R., Royal College of Radiologists (Therapeutic Radiology Boards)

1977 American Board of Radiology, Therapeutic Radiology Certification

1978 F.L.E.X., Federal Licensing Examination

1997 S.P.E.X., Special Purposes Examination

LICENSURES:

1969	G.M.C. United Kingdom	1277247
1977	New York	129411 (active)
1978	Michigan	40255
1979	Missouri	R9603
1990	Pennsylvania	MD-043317-L (active)
1997	Florida	ME 0073427 (active)
2009	Connecticut	040821 (can be renewed)

2010 Tennessee MD0000046568

PROFESSIONAL SOCIETIES / ASSOCIATIONS / MEMBERSHIPS:

Washington University:

1980 - 1990	Medical Director, Radiation Oncology Center Radiotherapy Technical School, Mallinckrodt Institute of Radiology
1988 - 1990	Member, Human Studies Committee Washington University School of Medicine

Temple University:

1991 - 1998	Member, Temple University Institutional Review board
1991 - 1993	Associate Director, Radiation Oncology Program Temple University / Albert Einstein Medical Center
1993 - 1997	Co-Director, Radiation Oncology Program Temple University/ Albert Einstein Medical Center
1993 - 1995	Chairman, Safety and Security Committee
1993 - 1997	Member, Appointments and Promotions Committee
1993 - 1994	Member, Neurosurgery Chair Search Committee
1993 - 1998	Member, Internal Review Committee for Fels Institute
1996 - 1997	Chair, Northeastern Hospital, Cancer Committee
1997 - 1998	Member, Radiation Safety Committee
1997 - 1998	Member, Oncology Task Force
1997	Member, Diagnostic Imaging Chair Search Committee
	Chair, Appointments and Promotions Committee

Penn State Hershey Medical Center

2006-2008	Member Institutional Review Board
2006-2008	Medical School Admissions Interviewer

PROFESSIONAL SOCIETIES / ASSOCIATIONS / MEMBERSHIPS, continued

Organized Radiology:

1988 - 1993	Member, American College of Radiology Committee of Radiation Therapy Chairmen Cooperative Groups
1989 - 1997	Member, A.C.R. Committee on Professional Testing
1989 - 1994	Member, Committee on Residency Training in Radiation Oncology of the Commission of Education
1990 - 1992/ 1994 - 1996	American Board of Radiology, Examiner in Therapeutic Radiology
1991 - 1998	Member, Society of Chairmen of Academic Radiation Oncology Programs
1992 - 1997	Member, Fellowship Committee, Philadelphia Roentgen Ray Society A.C.R.
1993 - 1998	Member, Radiation Oncology Program, Philadelphia Roentgen Ray Society A.C.R.
1994 - 1996	A.C.G.M.E. Radiation Oncology Residency Site Visitor
2000 – 2006	International Society of Pediatric Oncology, Scientific Committee Elected 2000, Reelected 2003
2005 – Present	Founding Secretary, Pediatric Radiation Oncology Society (PROS)

National Co-operative Groups:

1977 - 1979 Group B	Member, at Large, Quality Assurance Program Cancer (QARC) and Acute Leukemia (C.A.L.G.B.), Providence, Rhode Island and New York, New York
1978 - 1981	Member, Cranial Prophylaxis Study Group, (C.A.L.G.B., P.O.G.)
1978 - 1979	Overseers Committee QARC
1979 - 1980 (G.I.T.S.G.)	Associate Chairman, Radiotherapy Committee, Gastrointestinal Tumor Study Group
1979 - Present	Member, National Wilms' Tumor Study Committee (N.W.T.S.)
1979 - 1986	Gastrointestinal Tumor Study Group, Radiotherapy Review Center
1980 - 1990	Pediatric Oncology Group, Co- Principal Investigator, Washington University .
1980 - 1991	Elected by membership of Pediatric Oncology Group (P.O.G.) to Radiotherapy Executive Committee, Re-elected 1984 and 1992
1980 - 1984 (P.O.G.)	Chairman, Radiotherapy Quality Assurance Committee, Pediatric Oncology Group Re-appointed 1982
1980 - 1986	Consultant and Quality Assurance Officer to Gastrointestinal Tumor Study Group
1981 - 1985	Member, Intergroup Ewing's Sarcoma Study Committee

PROFESSIONAL SOCIETIES / ASSOCIATIONS / MEMBERSHIPS, continued

1982 - 1984 Intergroup Ewing's Sarcoma Study, Radiotherapy Reviewer

1984 - 1989 Chairman, Medulloblastoma Sub-committee, Pediatric Oncology Group

1985 – 2001 Chairman, Radiotherapy Committee, National Wilms' Tumor Study Committee

1987 - 1995 Member, Advisory Committee for Quality Assurance Review Center, Providence, Rhode Island

1995 – 2003 Associate Director for the P.O.G. Quality Assurance Review Center, Providence, Rhode Island

Member, Pediatric Oncology Group Late Effects Committee

Member, Physician's Data Query Extramural Board, National Cancer Institute

1991 National Cancer Institute Site Visitor for National Pediatric Late Effects Study

American Cancer Society:

1989 - 1990 Member, Supportive Care Committee, A.C.S. Missouri Division
1992 - 1998 Member, Professional Education Committee, A.C.S. Philadelphia Division
2000 – 2003 Board Member, Pinellas County, FL, ACS

Other Professional Activities:

1994 Program Leader of Delegation of Radiation Oncologists of the American People Ambassador to the People's Republic of China

1995 Program to Leader of Delegation of Radiation Oncologists of the American People Ambassador Russia, Poland, Hungary and the Czech Republic

2002 – Present Member of Board of Hospice of Florida Sun Coast

NATIONAL AND INTERNATIONAL SOCIETIES:

American Society for Clinical Oncology (A.S.C.O.)

American Society for Therapeutic Radiology and Oncology (A.S.T.R.O.)

International Society of Pediatric Oncology (S.I.O.P.)

European Society for Therapeutic Radiology and Oncology (E.S.T.R.O.)

American College of Radiology (A.C.R.)

American College of Radiation Oncology (A.C.R.O.)

Royal College of Radiologists (R.C.R.)

Royal Society of Medicine (R.S.M.)

Royal College of Physicians of London (R.C.P.)

British Oncological Association (B.O.A.)

Honorary Member of the Greek Society for Cancer Study

Honorary Chairman of the Department of Radiation Oncology, Xi'an, People's Republic of China

PROTOCOLS:

GI 9277 Unresectable Pancreas, Co- Chairman

SWOG 7712 Radiotherapy Chairman

POG 8631 Protocol Chairman

NWTS-4 Radiotherapy Chairman

POG 8653/8654 Radiotherapy Chairman

POG 8695 Radiotherapy Chairman

POG 9653 Soft Tissue Sarcoma Protocol Radiotherapy Chairman

NWTS-5 Radiotherapy Chairman

JOURNAL REVIEWER

Cancer

International Journal of Radiation Oncology, Biology and Physics

Annuals of Internal Medicine

European Journal of cancer and Clinical Oncology

Medical and Pediatric Oncology

American Journal of Clinical Oncology

The American Journal of Pediatric Hematology/Oncology

Journal of Neuro Oncology

Radiotherapy and Oncology

NATIONAL MEETING ACTIVITIES:

Chairman of Proffered Papers Session (A.S.T.R.O.)

Invited Panel Speaker (A.S.T.R.O.)

Invited Panel Chairman (A.S.T.R.O.)

Refresher Course Presenter (R.S.N.A.)

Invited Panel Speaker (R.S.N.A.)

- Chairman of Panels and Proffered Paper Sessions (S.I.O.P.)

ENTRIES IN PUBLICATIONS:

Who's Who in America

Who's Who in Science and Medicine

Who's Who in the East

Best Doctors in America

JOURNAL PUBLICATIONS:

Thatcher N, Thomas PRM: Choroidal metastases from breast carcinoma: A survey of 42 patients and the use of radiation therapy. Clin radiol 26:549-556, 1975

Thomas PRM: Report on the B.I.R. Sponsored visit to Paris. September 1974 British Institute of Radiology Bulletin 1 (2): 6-9, 1975

Smith PHS, Thomas PRM, Steere HA, Beatty HE, Dawson KB, Peckham MJ: Therapeutic irradiation of the CNS using intrathecal 90y-DTPA. Brit J Radiol 49: 141-147, 1976

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Atkinson MK, McElwain TJ, Peckham MJ, Thomas PRM: Hypertrophic pulmonary osteopathy in Hodgkin's disease - reversal with chemotherapy. Cancer 38:1729-1734, 1976

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Atkinson K, Clink H, Lawler S, Lawson D, McElwain TJ, Thomas PRM, Peckham MJ, Powles R, Mann JR, Cameron AM, Arthur K: Encephalophathy following bone marrow transplantation. Europ J Cancer 13:623-625, 1977

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Sumer T, Freeman AI, Cohen ME, Bremer A, Thomas PRM, Sinks LF: Chemotherapy in recurrent non-cystic low grade astrocytomas of cerebrum in children. J Surg Oncol 10 (1):45-54, 1978

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Duffner PK, Cohen M, Thomas PRM, Sinks LF, Freeman AI: Combination chemotherapy in recurrent medulloblastoma. Cancer 43(1):41-45, 1979

Kende G, Sirkin SR, Thomas PRM, Freeman AI: Blurring of vision: A previously underscribed complication of cyclophosphamide therapy. Cancer 44(1): 69-71, 1979

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Kende G, Wajsman Z, Thomas PRM, Freeman AI: Chronic hematuria and localized bladder damage following combined cyclophosphamide and local radiotherapy. J Surg Oncol 12:169-174, 1979

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nervous system. Cancer 56:1841-1846, 1985
Thomas PRM, principal radiotherapy author: Radiation therapy combined with adriamycin or5-Fluorouracil for the treatment of locally unresectable pancreatic carcinoma: A Gastrointestinal Tumor Study Group report. Cancer 56:2563-2568, 1985

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Grigsby PW, Thomas PRM, Schwartz HT, Fineberg B: Irradiation of primary thalamic and brainstem tumors in a pediatric population: A 33-year experience. Cancer 60:2901-2906, 1987
Douglass HO, Jr., Stablein DM, Thomas PRM: An organized multi-institutional interdisciplinary evaluation of the role of radiation therapy alone or combined with chemotherapy in the treatment of the gastrointestinal tract. NCI Monog 6:253-257, 1988
Thomas PRM, principal radiotherapy author for the Gastrointestinal Tumor Study Group. Treatment of locally unresectable carcinoma of the pancreas: Comparison of combined modality therapy (chemotherapy plus radiotherapy) to chemotherapy alone. Journal of Natl Cancer Institute 80:751-755, 1988
Thomas PRM and Lindblad AS: Adjuvant postoperative radiotherapy and chemotherapy in rectal carcinoma. A review of the Gastrointestinal Tumor Study Group Experience. Radiotherapy and Oncology 13(4): 245-252, 1988
Grigsby PW, Thomas PRM, Simpson JR, Fineberg BB: Long-term results of radiotherapy in the treatment of pituitary adenomas in children and adolescents. Am J Clin Oncol (CCT) 11(6):607-611, 1988
Thomas PRM, Tefft M, D'Angio GJ, Norkool P: Acute toxicities associated with radiation in the second National Wilms' Tumor Study (NWTS-2). J Clin Oncol 6:1694-1698, 1988
Grigsby PW, Thomas PRM, Schwartz HG, Fineberg BB: Multivariate analysis of prognostic factors in pediatric and adult thalamic and brainstem tumors. Int J Radiat Oncol Biol Phys 16:649-656, 1989
D'Angio GJ, Breslow N, Beckwith JG, Evans A, Baum E, DeLorimier A, Fernbach D, Hrabovsky E, Jones B, Delailis P, Othersen HB, Tefft M, Thomas PRM: The treatment of Wilms' tumor: Results of the third national Wilms' tumor study. Cancer 63:349-360, 1989
Kovalic JJ, Grigsby PW, Shepard MJ, Fineberg BB, Thomas PRM: Radiation therapy for gliomas of the optic nerve and chiasm. Int J Oncol Biol Phys 18:929-932, 1990
Seydel HG, Stablein DM, Leichman LP, Kinzie JJ, Thomas PRM: Hyperfractionated radiation and chemotherapy for unresectable localized adenocarcinoma of the pancreas: The Gastrointestinal Tumor Study Group Experience. Cancer 65:1478-1482, 1990
Burgert EO, Nesbit ME, Gamsey LA, Gehan EA, Herman J, Vietti TJ, Canir A Tefft M, Evans R, Thomas PRM, Askin FB, Kissane JM, Pritchard DJ, Neff J, Makley JT, Gilula L: Multi-modal therapy for the management of non-pelvic, localized Ewing's sarcoma of bone: An intergroup study (IESS-II). J Clin Oncol 8:1514-1524, 1990
Nesbit, Jr, ME, Gehan EA, Burgert EO, Vietti TJ, Gilula L: Multi-modal therapy for the management of primary, non-metastatic Ewing's sarcoma of bone: A long term follow-up of the first Intergroup study (IESS-II). J Clin Oncol 8:1664-1674, 1990
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Thomas PRM, principal radiotherapy author: The concept of locally advanced gastric cancer. The Gastrointestinal Tumor Study Group. Cancer 66:2324-2330, 1990

Culbert SJ, Shuster JJ, Land VJ, Wharam MD, Thomas PRM, Nitschke R, Pinkel D, Vietti, TJ: Remission induction and continuation therapy in children with first relapse of acute lyphoid leukemia: A Pediatric Oncology Group Study. Cancer 67:37-42, 1991

D'Angio GJ, Beckwith JB, Breslow N, Evans AE, Haase G, Finklestein J, Green D, Kelaslis P, Kim TH, Shochar SJ, Thomas PRM: Wilms' Tumor: Status Report, 1990. J Clin Oncol 9:877-887, 1991

Kovalic JJ, Thomas PRM, Beckwith JB, Feusner JH, Norkool PA, Evans AE, D'Angio GJ: Hepatocellular carcinoma as second malignant neoplasms in successfully treated Wilms' tumor patients. A National Wilms' Tumor Study Report. Cancer 67:342-344, 1991

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FB, Kissane JM, Pritchard DJ, Herrman J, Neff J, Makley JT, Gilula L: Multi-modal therapy for the management of localized Ewing's sarcoma of pelvic and saccral bones: A report of the second Intergroup Study II. J Clin Oncol 9:1173-1180, 1991

Thomas PRM, Tefft M, Compaan PJ, Norkool P, Breslow NE, D'Angio GJ: Results of two radiotherapy randomizations in the third National Wilms' Tumor Study (NWTS-3). Cancer 68:1703-1707, 1991

Thomas PRM, principal radiotherapy author: Adjuvant therapy with hepatic radiation plus fluoroacil in colon carcinoma. Int J Radiation Oncol Biol Phys 21:1151-1156, 1991

Thomas PRM, Shochat SJ, Norkool P, Beckwith JB, Breslow NE, D'Angio GJ: Prognostic implications of hepatic adhesion, invasion, and metastases at diagnosis of Wilms' Tumor. Cancer 68:2486-2488, 1991

Thomas PRM, principal radiotherapy author: Radiation therapy and 5-fluorouracil (5-FU) with or without MeCCNU for the treatment of patients with surgical adjuvant adenocarcinoma of the rectum. J Clin Oncol 10:549-557, 1992

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Green DM, Beckwith JB, Breslow NE, Faria P, Moksness J, Finlestein JZ, Grundy P, Thomas PRM, Kim T, Shochat S, Haase G, Ritchey M, Kelalis P, D'Angio GJ: The treatment of children with anaplastic Wilms' Tumor: A report from the NWTS. J Clin Oncol 12:2126-2131, 1994

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Kalapurakal JA, Silverman CL, Akhtar N, Downes B, Andrews DW, Laske DW, Thomas PRM: Acute hyperthermia following sterotactic radiosurgery for pituitary adenoma. The British Journal of Radiology, 72: 1218-1221, 1999.

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Supplemental #2

Lebanon HMA, LLC
d/b/a University Medical Center

CN1210-051

SUPPLEMENTAL- # 2
October 30, 2012
10:06am

BASS
BERRY • SIMS PLC

2012 OCT 30 AM 10:06

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October 30, 2012

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RE: Certificate of Need Application CN1210-051
Lebanon HMA, LLC d/b/a University Medical Center
Second Supplemental Request

Dear Mr. Farber:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with the affidavit.

---

1. **Section B. Need Items 5 & 6**

It is understood that the applicant believes that the optimal linear accelerator treatment standard of 7,688 treatments is attainable; however according to the chart in the supplemental response there were 9,567 linear accelerator treatments performed on service area residents in 2011 with 34.6% being performed in Wilson County. The applicant is projecting 5,550 treatments in 2014. In order to reach the State Health Plan's optimal capacity of 7,688, the applicant will need to increase utilization by 2,188 treatments to reach 7,688, which is also equal to 80% of service area treatments in 2011.

Please discuss the reasonableness of the applicant facility reaching the 7,688 treatment standard.

The applicant has not stated that the treatment standard of 7,688 treatments is attainable. UMC has stated that it projects achieving at least the minimum standard of 6,000 treatments by the second year of operation. In fact, in the application, it is estimated that UMC will perform below the minimum standard in the first year and probably never reach the "optimal" standard.

That being said, the current low volumes that SECN is experiencing are based on a very limited referral base, equipment that is older and unable to perform the latest standard of care for many types of cancer, and lack of marketing efforts. By

addressing the shortage of local primary care and family practice physicians, upgrading the equipment and treatment planning systems, and educating the service area regarding the full-range of cancer services offered at UMC, the applicant anticipates that many more patients will choose to receive radiation therapy close to home, rather than traveling for a service they need every day for 3-6 consecutive weeks. The linear accelerator continues to serve as the only linear accelerator in the service area. As part of its full complement of health services, and in an effort to keep healthcare local, UMC is prepared to invest in ensuring that very sick patients have access to life-saving radiation therapy treatments within a reasonable travel distance.

In the interest of orderliness, UMC believes that the best alternative for cancer patients in the service area is to continue to have access to an existing service, and the applicant intends to improve the services such that patient volumes will be sufficient to sustain the program on an ongoing basis.

2. **Section C., Economic Feasibility Item 4 (Historical Data Chart (UMC))**

   The "Other Expense" totals in the Historical Data Chart do not match with the totals for Years 2010 and 2011 in the "Other Expenses" Chart. Please address these discrepancies.

   Due to inadvertent calculation errors, please see the revised Historical Data Chart and Projected Data Chart at the end of this supplemental response.

3. **Section C., Economic Feasibility Item 4 (Projected Data Chart)**

   Please discuss and provide expense breakdowns from the Projected Data Chart clearly delineating the following:

   - **HMA Management Agreement**

     Pursuant to the Management Agreement with Hospital Management Associates, Inc. and Lebanon HMA, LLC, 4% of total Net Revenue (before Bad Debt) for that particular facility is allocated as a "Management Fee" to each facility within the company. This is done on a monthly basis during the month-end close process and rolls up cumulatively into the year-end financial results. This is consistent with 2010 and 2011 when the Management Agreement was in effect (effective date October 31, 2009). Specifically the Management Agreement states:

     "As a fee for services rendered hereunder, Owner (Lebanon HMA, LLC) will pay Manager (Hospital Management Associates, Inc.), on a monthly basis, an amount equal to four percent (4%) of Owner's Net Revenue (as such term is defined by the AICPA Guide for Healthcare Organizations) for the immediately preceding month."

     Therefore, in Year 1 of the Projected Data Chart, UMC estimates Management Fees to Affiliates to be $107,963 (4% of Net Revenue before

Bad Debt) and in Year 2 UMC estimates $164,944 (4% of Net Revenue before Bad Debt).

- **Interim Draft Management Agreement with SECN**

  Pursuant to the current draft of the UMC-SECN management agreement, UMC estimates paying SECN approximately $18,750 per month for the first six months in Year 1 for certain management services (See ***Attachment. Section A., Applicant Profile, Item 5 (UMC-SECN Draft Management Agreement)*** of the Supplemental Response filed by UMC on October 25, 2012). This is shown in the Management Fees to Non-Affiliates line in the Projected Data Chart.

- **Management Agreement with HCA**

  Currently, UMC is negotiating a Management Services Agreement with HCA in order to have HCA assist in managing certain aspects of UMC's Radiation Oncology Center. While a final agreement has not been reached as of yet, the estimated cost for management services will be approximately $25,000 per month, which is reflected in the latter six months of Year 1 and all of Year 2. This is shown in the Management Fees to Non-Affiliates line in the Projected Data Chart. UMC conservatively estimated $300,000 per year in order to permit flexibility in negotiations with HCA and SECN.

- **Lost Income due to termination of facility lease with SECN**

  Currently UMC receives $17,352.67 in monthly rental payments from SECN. The current lease will terminate contemporaneously with the closing of the asset purchase deal between SECN and UMC. The lease amount is not listed in the Projected Data Chart due to it being "lost income" and not a true "rent expense." Any potential loss due to cancellation of the lease with SECN is more than offset by the Net Operating Income in Year 1 ($844,801) and Year 2 ($1,903,616).

- **Capital Lease Payments for Linear Accelerator**

  The capital lease payments for the Linear Accelerator are captured in the Projected Data Chart under Item F. Capital Expenditures. Total payments for Year 1 and Year 2 are $461,844 for each year. There is more Interest Expense and less Retirement of Principal in Year 1 versus Year 2 due to the Amortization Table and the aging of the principal loan amount (present value of the minimum lease payments) of $1,967,019.75 for the Linear Accelerator. Year 1 Interest Expense is $117,724.37 and Retirement of Principal is $344,119.63. Year 2 Interest Expense is $94,678.04 and Retirement of Principal is $367,165.96. For additional detail, please see the HMA analysis of lease transaction and the associated amortization table included as ***Attachment Section B, Project Description, Item 11.E.*** of the Supplemental Response filed by UMC on October 25, 2012.

- **Explanation of the Depreciation Expense**

  The Depreciation Expense per the Projected Data Chart was estimated utilizing five different variables. First, the acquisition of the assets

associated with SECN is estimated at $900,000. This will be depreciated at $90,000 per year over ten years. Second, UMC budgeted for $100,000 in miscellaneous furniture and office equipment in order to give the Radiation Oncology Center an updated appearance for patients and visitors (and to account for any unexpected needs). These items will also be depreciated over ten years at a maximum annual depreciation of $10,000. Third, the estimated construction costs to install the new iX Linear Accelerator are $346,375. These costs would have a depreciable life of fifteen years and be estimated at $23,092 per year. Fourth, the new Varian iX Linear Accelerator itself will be depreciated over five years (the life of the capital lease with GE Capital) and per Generally Accepted Accounting Principles would have $393,404 in annual depreciation. The $393,404 is derived by taking the principal of the loan amount (present value of the total minimum lease payments) of $1,967,020 and dividing by five years. Fifth, the existing depreciation on miscellaneous items (furniture, equipment, etc.) in the current Radiation Oncology Center is estimated at approximately $56,000 per year per the Historical Data Chart for SECN. Therefore, UMC budgeted an extra $56,000 per year in annual depreciation in order to be conservative in its expense estimates. Based on these five items, the total annual depreciation is estimated to be $572,496 for both Year 1 and Year 2.

Cordially yours,

J. Richard Lodge

Enclosure: Affidavit

SUPPLEMENTAL- # 2
October 30, 2012
10:06am

AFFIDAVIT

STATE OF TENNESSEE

2012 OCT 30 AM 10 13

COUNTY OF Wilson

NAME OF FACILITY: _____University Medical Center _____

I, ___SAAD EHTISHAM_____, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29 day of October, 2010 witness my hand at office in the County of Wilson, State of Tennessee.

NOTARY PUBLIC

My Commission Expires:
May 31, 2016

My commission expires _____, _____.

HF-0043

Revised 7/02

JOY PATTY HINSLEY
STATE OF TENNESSEE NOTARY PUBLIC
WILSON COUNTY

2012 OCT -9 PM 4:53

LETTER OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Lebanon Democrat (Name of Newspaper) which is a newspaper of general circulation in Wilson County (County), Tennessee, on or before October 10 (Month / day), 20 12 (Year) for one day.

==========

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Lebanon HMA, LLC d/b/a University Medical Center, a hospital (Name of Applicant) (Facility Type-Existing) owned by: Lebanon HMA, LLC with an ownership type of Limited Liability Company and to be managed by: Hospital Management Associates, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

Acquisition of Radiation Oncology Center at University Medical Center, 1411 Baddour Parkway, Lebanon, Wilson County, Tennessee. Acquisition involves the re-initiation of linear accelerator services by applicant and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. Linear accelerator services are currently being provided by Southeast Cancer Network, Inc. and no change of location is involved. Following the acquisition, applicant plans to upgrade the existing linear accelerator equipment and operate the Center as a department of the hospital. Estimated project cost is $4,844,034.61.

The anticipated date of filing the application is: October 15, 20 12

The contact person for this project is J. Richard Lodge (Contact Name), Attorney (Title)

who may be reached at: Bass, Berry & Sims PLC (Company Name), 150 Third Avenue South, Suite 2800 (Address)

Nashville (City), TN (State), 37201 (Zip Code), 615-742-6254 (Area Code / Phone Number)

[signature] (Signature), 10/9/2012 (Date), dlodge@bassberry.com (E-mail Address)

==========

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

==========

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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PUBLICATION OF INTENT
TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.,* and the Rules of the Health Services and Development Agency, that:

Lebanon HMA, LLC d/b/a University Medical Center, a hospital
(Name of Applicant) (Facility Type-Existing)

owned by: Lebanon HMA, LLC with an ownership type of Limited Liability Company

and to be managed by: Hospital Management Associates, Inc. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

Acquisition of Radiation Oncology Center at University Medical Center, 1411 Baddour Parkway, Lebanon, Wilson County, Tennessee. Acquisition involves the re-initiation of linear accelerator services by applicant and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. Linear accelerator services are currently being provided by Southeast Cancer Network, Inc. and no change of location is involved. Following the acquisition, applicant plans to upgrade the existing linear accelerator equipment and operate the Center as a department of the hospital. Estimated project cost is $4,844,034.61.

The anticipated date of filing the application is: October 15, 20 12

The contact person for this project is J. Richard Lodge (Contact Name) Attorney (Title)

who may be reached at: Bass, Berry & Sims PLC (Company Name) 150 Third Avenue South, Suite 2800 (Address)

Nashville (City) TN (State) 37201 (Zip Code) 615-742-6254 (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
615-741-1954

DATE: December 31, 2012

APPLICANT: Lebanon HMA LLC d/b/a University Medical Center
1411 Baddour Parkway
Lebanon, Tennessee

CON # CN1210-051

CONTACT PERSON: J. Richard Lodge, Esquire
Bass Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

COST: $4,830,041.05.

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Lebanon HMA LLC d/b/a University Medical Center (UMC), located in Lebanon (Wilson County), Tennessee, seeks Certificate of Need (CON) approval for the acquisition (change of ownership) of Radiation Oncology Center's linear accelerator and the re-initiation of linear accelerator services by the applicant and acquisition of existing major medical equipment from Southeast Cancer Network, Inc. Linear accelerator services are currently being provided by Southeast Cancer Network, Inc. and no change of location is involved. Following the acquisition, the applicant plans to upgrade the existing linear accelerator equipment and operate the center as a department of the hospital.

The linear accelerator currently owned and operated by Southeast Cancer Network, Inc. (SECN) is approximately fourteen years old and is near the end of its useful life. As a result, several months after its acquisition of the linear accelerator and related assets from SECN, UMC intends to lease a Varian iX linear accelerator as an upgrade and a new state-of-the-art treatment planning system. SECN will provide UMC with transition services pursuant to a transition management services agreement.

UMC has entered into a letter of intent with TriStar Health and the parties are actively negotiating the management agreement. Following the equipment and planning system upgrade, UMC plans to have the Radiation Oncology Center managed by HCA Health Services of Tennessee.

Lebanon HMA, LLC d/b/a University Medical Center is a syndicated facility and is over 98% owned by Health Management Associates, Inc. through its subsidiaries. UMC has less than 2% physician ownership. An organization chart is provided in Attachment B.I. Project Description 1. The Radiation Oncology Center, including the linear accelerator, will be owned by Lebanon HMA, LLC d/b/a University Medical Center and operated under its hospital license. As mention previously, UMC has entered into a letter of intent with TriStar Health. A copy of the letter of intent is located in Attachment B.I. Project Description.3.

The equipment is located in a space of 6,626 square feet within the outpatient center at UMC and will continue to be devoted exclusively for radiation use. The space includes a simulator room, the accelerator room, the high dose radiation room, and physicians' offices.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

NEED:
The applicant's service area includes DeKalb, Macon, Smith, Trousdale, and Wilson counties.

Service Area Total Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
DeKalb	19,529	20,161	3.2%
Macon	23,452	24,408	4.1%
Smith	20,330	21,156	4.1%
Trousdale	8,359	8,690	4.0%
Wilson	116,150	122,658	5.6%
Total	**187,529**	**197,073**	**4.9%**

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision,* Tennessee Department of Health, Division of Health Statistics.

Service Area Age 65 and Older Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
DeKalb	2,978	3,252	9.2%
Macon	3,167	3,499	10.5%
Smith	2,708	2,995	10.6%
Trousdale	1,278	1,437	12.4%
Wilson	14,229	16,548	16.3%
Total	**24,360**	**27,731**	**13.8%**

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision,* Tennessee Department of Health, Division of Health Statistics.

With the growing population in the service area, particularly in the 65+ age category, the need for cancer treatment services will continue to grow. This linear accelerator is the only unit located in the service area. Therefore, there is opportunity to expand the number of patients being treated at UMC and continue to provide radiation therapy with updated and state-of-the-art equipment in a location that is convenient to patients.

The age adjusted cancer incidence rate per 100,000 of population for the service area is represented in the following chart:

County	Cancer Incidence
DeKalb	454.1
Macon	452.8
Smith	402.7
Trousdale	387.6
Wilson	419.9

Source: *Office of Cancer Surveillance, Tennessee Department of Health, 2003-2007*

When the cancer incidents rates above are applied to the population of each county, and then the rate of radiation therapy treatment, as published by the American Society of Radiation Oncologists (ASTRO), is applied to the expected cancer cases, the applicant estimates that the number of people in the service area who will require radiation therapy treatments is 395, for an approximate 10,277 treatments. By 2016, the applicant estimates the number of treatments will be 10,410.
If HSDA approves this CON application, UMC will commence radiation oncology services

immediately as a department of the hospital. To ensure continuity of care, the Radiation Oncology Center will initially be managed by SECN pursuant to a transition management agreement. Shortly thereafter, UMC plans to upgrade the existing linear accelerator and treatment planning equipment. It is estimated that it should take roughly three months to install the new linear accelerator equipment and the related treatment planning equipment. During the installation, patient will be redirected to nearby facilities pursuant to a transfer agreement between UMC and nearby HCA facilities.

UMC's Clinical Cancer Service offerings consist of surgical, diagnostic, screening, and therapeutic services. UMC offers the latest diagnostic imaging modalities for the diagnosis of cancer including a 62-slice CT scanner, high resolution ultrasound, a 1.5 Tesla MRI, dual head nuclear medicine camera, digital mammography with stereotactic biopsy capabilities and digital radiography all of which are integrated into digital PACS system. UMC has several general surgeons who perform biopsies and cancer related surgeries and specialists who implant radioactive seeds for the treatment of prostate cancer. Chemotherapy is offered on a limited basis to those patients needing to be admitted for an acute illness while they are undergoing chemotherapy elsewhere as an Outpatient.

Support services offered by UMC's cancer service line include a monthly tumor registry board where new cancer cases are studied by a variety of multi-disciplinary medical specialists while offering CME to those in attendance. UMC's Cancer Registry follows cancer diagnosis and handles the management, collection, and reporting of cancer related data to the national databases.

The diagnosis and treatment of cancer cases at UMC is performed primarily by physicians from six specialties. Five radiologists from a group of thirty radiologists cover UMC and are active in the cancer program. A local staff of seven OB/GYN physicians is active in the identification of suspicious symptoms associated with woman's cancer and actively participates with other specialists in the treatment of cancers for their patients. Five general surgeons are on staff and provide surgical treatment for various cancers. One pathologist serves UMC and is active with the tumor board. UMC is covered by a medical oncologist who is a member of a very large group of 40 physicians. UMC also has one radiation oncologist on staff who currently works with SECN at the radiation oncology center on UMC's campus.

UMC is in discussions with HCA seeking an affiliation that will benefit UMC by allowing access to more subspecialists and technology that is not practical to offer in a market of UMC's size. Additionally, the experience level in managing cancer programs is much greater with these larger programs making an affiliation even more attractive. UMC expects a management agreement to be in place by early to midyear 2013.

UMC desires to operate a radiation program because it is important to keep UMC's patients close to home and family where better healing place. Being able to offer the same technology using the same protocols as the larger urban cancer programs will give medical staff and patients' confidence to use the UMC radiation oncology program. UMC believes this fact alone will significantly increase utilization. Additionally, the approval is important to the service area because the current linear accelerator is the only accelerator operated in the market.

The following chart illustrates MRI utilization in the applicant's service area for 2009, 2010, and 2011.

Service Area MRI Utilization

County	Provider Type	Provider	Year	Number of	Mobile ?	Treatments
Wilson	RAD	Cancer Care Center at University Medical Center	2009	1	Fixed	3,601
Wilson	RAD	Cancer Care Center at University Medical Center	2010	1	Fixed	3,427
Wilson	RAD	Cancer Care Center at University Medical Center	2011	1	Fixed	2,648

Source: HSDA Equipment Registry

TENNCARE/MEDICARE ACCESS:
The applicant is Medicare and Medicaid certified and has contract with AmeriGroup, TennCare Select, and United Healthcare Community Plan.

The following chart illustrates the TennCare enrollees in the applicant's service area.

TennCare Enrollees in the Proposed Service Area

County	2013 Population	TennCare Enrollees	% of Total Population
DeKalb	19,529	4,312	22.1%
Macon	23,452	5,884	25.1%
Smith	20,330	3,922	19.3%
Trousdale	8,359	1,648	19.7%
Wilson	116,150	14,067	12.1%
Total	**187,822**	**29,833**	**15.9%**

Source: *Tennessee Population Projections 2000-2020,* February 2008 Revision Tennessee Department of Health, Division of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment,* Bureau of TennCare

In years one and two, UMC expects $3,526,200.31 or 35.2% Medicare and $1,297,926.52 or 8.5% of total gross charges.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:
In the Project Costs Chart located in Supplemental 1, the total estimated project cost is $830,041.05 which includes $50,000 for legal, administrative, and consultant fees; $900,000 for acquisition of site; $346,375 for construction costs; $3,422,822.85 for moveable equipment; $100,000 miscellaneous furniture and office equipment; and $10,843.20 for CON filing fees.

In the Historical Data Chart, the applicant reported 14,530, 15,391, 16,100 admissions in 2009, 2010, and 2011 with gross operating revenues $419,704,259, $472,104,598, and $524,300,335 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to $92,201,043, $98,923,157, and $98,669,698 each year. The applicant paid management fees to affiliates of $3,084,042, $4,365,371 and $4,432,830 each year, respectively. The applicant reported net operating income of $15,505,962, $15,608,256, and $16,999,755 in 2009, 2010, and 2011, respectively.

In the Projected Data Chart located in Supplemental 2, the applicant projects 138 patients in year one and 212 patient in year two with gross operating revenues of $9,996,607 and $15,272,594 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to $2,556,187 and $3,905,286 each year. The applicant projects fees to affiliates of $107,963 and $164,944 and fees to non-affiliates of $300,000 (in both years) in years one and two, respectively. The applicant projects a net operating income $382,957 in year one and $1,441,772 in year two of the project.

The applicant projects an average gross charge of $72,197.84 in years one and two with an average net charge of $18,518.76 in years one and two. The applicant projected the cost on an average of the total cost of 26 treatments. UMC compares their net charge with other Middle Tennessee providers on page 30 of the application.

The only practical alternatives would be a joint venture with SECN or to permit SECN to sell the Radiation Oncology Center to another entity. Based on SECN's corporate strategy to withdraw to its home state and its recent difficulty with staffing, a joint venture was not considered a sound business or patient care decision. There would also be no assurance that permitting the sale to another third party would guarantee the high-quality patient care that UMC requires.

UMC could apply for a CON to establish a second Radiation Therapy Center in the service area. However, this would be an unnecessary duplication of services, confusion in the healthcare marketplace and a wasteful investment.

UMC believes it is in the best interests of patients in the service area and the orderly development of healthcare is best served by re-initiating hospital based radiation therapy at the location that has provided the service since 1997.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:
The applicant provides a listing of all contracts, working relationships, and transfer agreements on pages 32 and 33 of the application.

This application has been discussed twice with the issuance of CN9508-046 and CN9907-046. There are no instances of duplication of services, as this project is basically a change of ownership of an existing facility that is the only Radiation Oncology Center offering linear accelerator treatment services located in the five county service area.

The positive effect on the health care system is cancer patients and their families will continue to have a radiation oncology center in their community. The location of the center is not changing. This application merely suggests a change in ownership and re-initiation of linear accelerator services. Further, UMC believes that owning the center outright will offer greater financial viability to the Radiation Oncology Center outright as the hospital has the resources to upgrade the existing major medical equipment that is at the end of its useful life.

The applicant's proposed staffing for the projects includes 1.0 FTE radiation oncologist; 1.0 FTE radiation physicist; 1.0 FTE dosimetrist; 1.0 FTE registered nurse; 3.0 FTE radiation technologists; 1.0 FTE administration/clerical person; and 1.0 FTE program manager.

The applicant is contracted with colleges and Universities set forth in Attachment C (III).6.

The current owner (SECN) presently has valid certification from the Tennessee Department of Environment and Conservation, Division of Radiological Health. If the change of ownership is approved, the applicant will obtain such documentation.

UMC is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities and accredited by The Joint Commission. A copy of the most current licensure information is attached as Attachment C.(III).7(B).

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

1. Utilization Standards for MRT Units.
    a. Linear Accelerators not dedicated to performing SRT and/or SBRT procedures:
        i. **Full capacity of a Linear Accelerator** MRT Unit is 8,736 procedures, developed from the following formula: 3.5 treatments per hour, times 48 hours (6 days of operation, 8 hours per day, or 5 days of operation, 9.6 hours per day), times 52 weeks.
        ii. **Linear Accelerator Minimum Capacity:** 6,000 procedures per Linear Accelerator MRT Unit annually, except as otherwise noted herein.
        iii. **Linear Accelerator Optimal Capacity:** 7,688 procedures per Linear Accelerator MRT Unit annually, based on a 12% average downtime per MRT unit during normal business hours annually.
        iv. An applicant proposing a new Linear Accelerator should project a minimum of at least 6000 MRT procedures in the first year of service in its Service Area, building to a minimum of 7,688 procedures per year by the third year of service and for every year thereafter.

The applicant's application proposes to continue radiation therapy services that are already being offered. The applicant wants to enhance those services through a change of ownership, stabilize the radiation oncology presence at the current center, and upgrading the equipment to contemporary standards.

The center is currently performing below the minimum standards for linear accelerators, but believe that making changes in leadership, breadth of services, stabilizing physician coverage and equipment will enable the hospital to attract more of the patients who live in the service area but now choose to travel outside the service area to receive daily radiation therapy treatments.

The applicant's calculation of population and cancer incidence rates shows that residents of the service are will need over 10,000 radiation therapy treatments annually. UMC is providing the service in a location that is central to the service area and can increase volumes by making the proposed changes and communicating those changes to physicians in the community.

b. For Linear Accelerators dedicated to performing only SRT procedures, full capacity is 500 annual procedures.

This criterion is not applicable.

c. For Linear Accelerators dedicated to performing only SRT/SBRT procedures, full capacity is 850 annual procedures.

This criterion is not applicable.

d. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for Linear Accelerators develop. An applicant must demonstrate that the proposed Linear Accelerator offers a unique and necessary technology for the provision of health care services in the proposed Service Area.

This criterion is not applicable.

e. Proton Beam MRT Units. As of the date of the approval and adoption of these Standards and Criteria, insufficient data are available to enable detailed utilization standards to be developed for Proton Beam MRT Units.

This criterion is not applicable.

2. Need Standards for MRT Units.
   a. For Linear Accelerators not dedicated solely to performing SRT and/or SBRT procedures, need for a new Linear Accelerator in a proposed Service Area shall be demonstrated if the average annual number of Linear Accelerator procedures performed by existing Linear Accelerators in the proposed Service Area exceeds 6,000.

This criterion is not applicable.

   b. For Linear Accelerators dedicated to performing only SRT procedures, need in a proposed Service Area shall be demonstrated if the average annual number of MRT procedures performed by existing Linear Accelerators dedicated to performing only SRT procedures in a proposed Service Area exceeds 300, based on a full capacity of 500 annual procedures.

This criterion is not applicable.

c. For Linear Accelerators dedicated to performing only SRT/SBRT procedures, need in a proposed Service Area shall be demonstrated if the average annual number of MRT procedures performed by existing Linear Accelerators dedicated to performing only SRT/SBRT procedures in a proposed Service Area exceeds 510, based on a full capacity of 850 annual procedures.

This criterion is not applicable.

d. Need for a new Proton Beam MRT Unit: Due to the high cost and extensive service areas that are anticipated to be required for these MRT Units, an applicant proposing a new Proton Beam MRT Unit shall provide information regarding the utilization and service areas of existing or planned Proton Beam MRT Units' utilization and service areas (including those that have received a CON), if they provide MRT services in the proposed Service Area and if that data are available, and the impact its application, if granted, would have on those other Proton Beam MRT Units.

This criterion is not applicable.

e. An exception to the need standards may occur as new or improved technology and equipment or new diagnostic applications for MRT Units develop. An applicant must demonstrate that the proposed MRT Unit offers a unique and necessary technology for the provision of health care services in the proposed Service Area.

This criterion is not applicable.

3. Access to MRT Units.
   a. An MRT unit should be located at a site that allows reasonable access for residents of the proposed Service Area.

      As the only radiation therapy within the proposed service area, the applicant is easily accessible to the residents of the service area. Interstates and good federal and state highways connect Lebanon to all parts of the service area, who look to UMC for specialized, tertiary care when it is not available in their home communities.

   b. An applicant for any proposed new Linear Accelerator should document that the proposed location of the Linear Accelerator is within a 45 minute drive time of the majority of the proposed Service Area's population.

      The radiation services are within a 45-minute drive time of the majority of the proposed service area's population.

   c. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRT units that service the non-Tennessee counties and the impact on MRT unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

      This criterion is not applicable.

4. Economic Efficiencies. All applicants for any proposed new MRT Unit should document that lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

This application does not propose a new MRT unit. It proposes the existing unit be allowed to continue service under the hospital's ownership. This is a more advantageous ownership structure in terms of cost, quality, and continuity of care.

5. Separate Inventories for Linear Accelerators and for other MRT Units. A separate inventory shall be maintained by the HSDA for Linear Accelerators, for Proton Beam Therapy MRT Units, and, if data are available, for Linear Accelerators dedicated to SRT and/or SBRT procedures and other types of MRT Units.

   There was not an applicant response for the above.

6. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRT Unit is safe and effective for its proposed use.
   a. The United States Food and Drug Administration (FDA) must certify the proposed MRT Unit for clinical use.

      The proposed new unit has been certified by the FDA for clinical use.

   b. The applicant should demonstrate that the proposed MRT Units shall be housed in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

      The space already occupied by SECN conforms to all standards, specifications, and requirements. The upgrade equipment will and installation will conform to applicable federal and manufacturers specifications and licensing requirements.

   c. The applicant should demonstrate how emergencies within the MRT Unit facility will be managed in conformity with accepted medical practice. Tennessee Open Meetings Act and/or Tennessee Open Records Act.

      Because the applicant proposes making the radiation therapy center a department of the hospital, emergencies will be managed as they are under any "code" event within the hospital. The area will be included under the purview of the hospital's Rapid Response Team to respond to any emergent situations.

   d. The applicant should establish protocols that assure that all MRT Procedures performed are medically necessary and will not unnecessarily duplicate other services.

      The diagnosis and treatment of cancer cases at UMC is performed primarily by physicians from six specialties. Five radiologists from a group of thirty radiologists cover UMC and are active in the cancer program. A local staff of seven OB/GYN physicians is active in the identification of suspicious symptoms associated with woman's cancer and actively participates with other specialists in the treatment of cancers for their patients. Five general surgeons are on staff and provide surgical treatment for various cancers. One pathologist serves UMC and is active with the tumor board. UMC is covered by a medical oncologist who is a member of a very large group of 40 physicians. UMC also has one radiation oncologist on staff who currently works with SECN at the radiation oncology center on UMC's campus.
      No unnecessary duplication of services are expected.

   e. An applicant proposing to acquire any MRT Unit shall demonstrate that it meets the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO) or a similar accrediting authority such as the National Cancer Institute (CNI). Additionally, all applicants shall commit to obtain accreditation from ASTRO, ACR or a comparable

accreditation authority for MRT Services within two years following initiation of the operation of the proposed MRT Unit.

The radiation therapy center is not currently accredited. If this application is approved, the applicant plans to apply for accreditation by the American College of Surgeons" Commission on Cancer, a nationally recognized cancer center accreditation program.

f. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

The applicant has standing transfer agreements with a number of hospitals in the area, including Sarah Cannon Cancer Center and Vanderbilt University Hospital.

g. All applicants should provide evidence of any onsite simulation and treatment planning services to support the volumes they project and any impact such services may have on volumes and treatment times.

The equipment upgrade that is proposed includes a new treatment planning system, which will allow UMC to do high-quality treatment planning on-site. A separate simulator is not proposed as part of this project.

7. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

The applicant ill submit data in a timely manner.

8. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:
   a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

   Four of five counties that comprise the applicant's service area included medically underserved areas, as designated by the United States Health Resources Administration. They are: DeKalb, Macon, Trousdale, and Wilson.

   b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

   This criterion is not applicable.

   c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

   The applicant is Medicare and Medicaid certified and has contract with AmeriGroup, TennCare Select, and United Healthcare Community Plan.